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Southeast Asia Report

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4 AUGUST 1986

SOUTHEAST ASIA REPORT

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AUSTRALIA

HAWKE, INDUSTRY MINISTER OPPOSE IMPORT TAX

BK080756 Melbourne Overseas Service in English 0430 GMT 8 Jul 86

[Text] The national conference of the Australian Labor Party has adopted policy changes which, if implemented, would significantly increase tariffs on imports. However, senior federal government ministers suggested they would ignore the conference resolution.

Meeting in Hobart, the conference called on the federal government to reject plans to reduce trade protection for the textile, clothing, and footwear industries. It proposed consideration of a temporary levy of 1 percent on all imports and quota limit on high-cost luxury goods.

Speakers in favor of the resolution said the issue at stake was the protection of Australia's manufacturing industry which has suffered a decline in investment in the last 3 years. The national conference is the supreme policy making forum of the Labor Party.

The minister for industry, Senator Button, told the conference that extra levys had been shown to be harmful to Australian industry.

[Begin Button recording] I just remember that in 1979 the Fraser government introduced a 2 percent temporary levy on all imports. It is still there. That is part of our problem as well as the Fraser government--the fact that it is still there. I have been trying to get rid of it every year with total and conspicuous failure. [end recording]

The prime minister, Mr Hawke, also criticized the proposal, saying his government has argued hard in international forums against measures which corrupt the world's trading system.

[Begin Hawke recording] There is no country in this world which is paying a higher price for the corruption of the international trading system than Australia. And that is not just farmers. Miners are paying a price, and the people that you represent--the workers--are paying a high price because of the 3 percent slash in national income of this country which in large measure occurred because of the corruption of the international trading system--the intervention in the free trade internationally, barriers of one kind or another to the free flow of trade between countries. And, it would be an exercise in hypocrisy, I suggest, if in fact [words indistinct] while at the same time we ourselves engage in such a process. [end recording]

4 August 1986

AUSTRALIA

BRIEFS

RADIOACTIVE LEAK--A residents' group in the southern suburbs of Sydney adjoining the Lucas Heights atomic laboratory says vandalism to part of the installation over the weekend has highlighted the dangers of having such a facility near a residential area. Mrs (Heather Wrights) of the Lucas Heights study group says research centers such as the atomic laboratory attract people who want to make their mark in protest of vandalism. [as heard] The Atomic Energy Commission says the weekend vandalism on a pipeline led to the release of a small amount of radioactive material. That material had already been treated to acceptable limits. Nevertheless, the commission says it will undertake an environmental survey into the immediate vicinity surrounding the nuclear plant. [Text] [Melbourne Overseas Service in English 0830 GMT 14 Jul 86 BK] /9738

COMMONWEALTH GAMES BOYCOTT--The federal government has defended the role of Australia's athletes in the forthcoming Commonwealth Games. A Radio Australia reporter in Canberra, (Graham World), reports: [Begin World recording] The minister for sports, Mr Brown, says Australian athletes are the country's best diplomats. By competing against other Commonwealth countries, he says, the athletes will show regimes, such as South Africa, that all its citizens should have the freedom and opportunity to compete equally. Mr Brown says the government recognizes the boycott will have some negative impact, but fully understands the action taken by those states. He says the boycott would not have occurred if Britain was prepared to consider some Commonwealth action against apartheid and Australia is determined to take a tougher stand at next month's Commonwealth heads of government meeting. [end recording] [Text] [Melbourne Overseas Service in English 0130 GMT 15 Jul 86 3K] /9738

TRAINING AIRCRAFT CONTRACT SIGNED--A contract worth more than \$230 million [Australian dollars] has been signed for the production of 67 training aircraft for the Australian Air Force. All but two of the Swiss-designed Pilatus PC-9 aircraft will be built under license by Hawker de Havilland in Australia. The defense minister, Mr Beazley, said the contract represents the biggest peacetime order placed directly by a government with the Australian aerospace industry. [Text] [Melbourne Overseas Service in English 0830 GMT 10 Jul 86 BK] /9738

FEDERAL DEFICIT FIGURES--Government figures show the federal deficit for the financial year just ended is more than \$500 million [Australian dollars] higher than estimated. Preliminary figures released in Canberra by the treasurer, Mr Keating, and the finance minister, Senator Walsh, show a budget deficit of about \$5,700 million--that's nearly U.S.\$3,700 million. The government has partly blamed the increase in the deficit on a fall in the value of the Australian dollar and high interest rates. Compensation to oil refiners for a declining oil price and the government's housing assistance package also added \$180 million to government expenditures. The two ministers said the coming budget would be consistent with current economic conditions. [Text] [Melbourne Overseas Service in English 0830 GMT 7 Jul 86 BK] /9738

'BIG MONTHLY DEFICIT'--Australia has run up another big monthly deficit in its trade with the rest of the world. The increase in the monthly trade deficit follows a decision by the international investor agency, Moody's, to review Australia's triple A credit rating. A Radio Australia reporter in Canberra, Elliot Taylor, reports on the trade deficit figures: [Begin Taylor recording] Figures released by the Bureau of Statistics show that last month, the current account deficit totals just over \$1,100 million [Australian dollars]. This means that for the financial year just ended, Australia runs a current deficit of \$14,335 million--money the country has had to balance the books and thus adding to Australia's international indebtedness. The debts total for the year exceeded the government's original estimate in last August's budget by more than \$3,600 million. The deficit on the trade merchandise goods last month was \$168 million, with the value of exports largely unchanged from the previous months and imports down less than 1 percent. [end recording] [Text] [Melbourne Overseas Service in English 0430 GMT 11 Jul 86 BK] /9738

TORRES STRAIT TREATY REVIEW--Australia and Papua New Guinea have agreed to hold the first annual review of the treaty which governs the Torres Strait. The Torres Strait Joint Advisory Council, which is made up of 18 officials from both countries, will meet in Cairns in north Queensland next Wednesday and Thursday. Papua New Guinea's minister for primary industry, Mr Iambakey Okuk, recently said that he would seek changes to the treaty where it relates to fishing. He claimed Australians had had the advantage in this area. The Torres Strait Treaty protects fisheries as well as protecting the traditional lifestyle of the region's inhabitants. About 7,000 Torres Strait islanders live in the treaty zone which has been in effect since its signing in December 1978. [Text] [Melbourne Overseas Service in English 0830 GMT 10 Jul 86 BK] /9738

NEED FOR JOINT BASES--The author of a recent report on Australia's defense says that even Soviet military experts agreed joint military bases such as Pine Gap in the Northern Territory contribute to world stability. Speaking in Darwin, Mr Paul Dibb, said high-level Soviet military publications made it clear satellite bases for verification and early warning, such as Pine Gap, could prevent what is referred to as a war based on ignorance. The issue

of American defense facilities on Australian soil will be discussed at today's session of the Australian Labor Party conference in Hobart. The party's defense policy states that joint facilities are an essential element for a stable, global nuclear balance. [Text] [Melbourne Overseas Service in English 0430 GMT 9 Jul 86 BK] /9738

UNIONS MUST EXERCISE RESTRAINT--The prime minister, Mr Hawke, has called on Australia's trade unions to exercise restraint. Speaking at the Australian Labor Party's national conference in Hobart, Mr Hawke stressed the need for what he called restraint with equity. He said such restraint was the only way to preserve the prices and incomes accord. The accord is a 3-year-old agreement between the Labor Party and the Australian Council of Trade Unions under which unions have moderated wage claims. [Begin Hawke recording] And I do not believe, delegates, for one moment that the trade unionists of this country want to sacrifice the gains that have been achieved under this approach and policy of restraint with equity. I do not believe for a moment that the trade unionists of this country want to see the burdens of inevitable adjustment that would otherwise occur being borne by the unemployed, by those on fixed income, by those who receive social welfare payments. [end recording] [Text] [Melbourne Overseas Service in English 0830 GMT 9 Jul 86 BK] /9738

CSO: 4200/1231

BRUNEI

POLITICAL PARTY TO HOLD FIRST CONGRESS

BK101211 Kuala Belait THE BORNEO BULLETIN in English 21 Jun 86 p 4

[Text] The Parti Perpaduan Kebangsaan Brunei (PPKB), or Brunei Solidarity National Party, will hold its first general congress next Sunday [29 June] in Bandar Seri Begawan.

At a press conference this week the party, formed in February this year, said its membership had grown but declined to state the exact figure.

The party was formed by a handful of former members of the Brunei National Democratic Party which split late last year following differences over its policies.

The press conference was attended by party chairman Haji Jumat Bin Haji Idris. Vice-chairman Awang Haji Mohd Shah bin Ahmad said the party supports government policies.

"We are based on a platform which emphasizes support for government policies because we feel all that is being done by the government presently is for the benefit of all the people," he said. "We see the constitution, policies and their implementation as quite perfect. We would not support the policies if we felt they were not implemented properly."

Another vice-president, Pengiran Abdul Rahman bin Pengiran Haji Abbas, said: "We do want to work together with the government in all areas of development, especially in the country's economy for the benefit of the population as a whole. We really want to see some of the government's policies properly implemented, especially when it comes to giving priority to citizens. Some employers and firms are still not doing that and in some cases positions which could well be given to citizens are given to outsiders. This is as if citizens are not capable when in fact they are quite capable of doing the jobs."

The party would start campaigning for members after its general congress.

/9738

CSO: 4200/1224

BURMA

ANTIGOVERNMENT GROUPS MAY FORM ALLIANCE

BK300333 Bangkok THE NATION in English 30 Jun 86 p 5

[By Pratyia Sawetwimon]

[Text] Leaders of the non-communist National Democratic Front (NDF), an umbrella organization comprising nine armed minority groups in Burma, will meet next month to decide whether they will form an alliance with the Burma Communist Party (BCP) rebels in their struggle against the Rangoon central government.

The decision will be made during the upcoming NDF general meeting which is expected to be held at the headquarters of the Karen National Union at Manaplaw close to the Thai-Burmese frontier opposite the Thai northern province of Mae Hong Son next month, said Nai Nonla, leader of the Mon National Liberation Army.

The general meeting among leaders of the NDF members is also aimed at preparing for the coming general election for the anti-Rangoon front's new president replacing Gen Bo Mya, the KNU president, who will have served his four-year term later this year, according to the Mon president.

After holding their meeting at the headquarters of the Kachin Independence Army (KIA) at Pajau in northern Burma a few months ago, nine delegates of the NDF and members of the KNU, the MNLA, the KIA, the Wa National Army (WNA), the Shan State Army (SSA) of the Shan State Progressive Party (SSPP), the Pa-O National Army (PNA), the Paluang, the Karenni and the Arakanese proceeded to the BCP headquarters at Pang Hsang and met with members of the BCP central committee, including Ba Thein Tin, the BCP chairman, Nai Nonala said in an exclusive interview with THE NATION.

The NDF delegates and the BCP central committee members were expected to discuss the possibility of uniting in an attempt to escalate their joint operations against the ruling Burma Socialist Programme Party government.

Rangoon's stepping-up of military pressure on several groups of ethnic minority rebels, especially the KNU, has brought about this attempt by the rebels to consolidate into a united front and seek an alliance with the communist guerrillas.

However, the plan to form the united front between the NDF and the BCP might be opposed by some members of the non-communist rebels' front and the final decision has to be made in the upcoming NDF general meeting next month.

"I'm not sure about joining the BCP," said the leader of the MNLA which has about 3,000 Mon rebels operating in southern Burma.

The opposition to the plan stems from the fear among the non-communist rebel movements that they would be dominated by the BCP. According to Nai Nonla, the BCP is thought to have about 15,000 communist guerrillas operating in Burma.

The NDF early this year set up three resistance zones against the Burmese government troops in Burma. The KIA, the SSA and the Paluang are in charge of the northern zone while the Karenni, the PNA and the WNA are responsible for the central part of Burma.

The last rebel resistance zone is in the south and is under the control of the KNU, the MNLA and the Arakanese.

Nai Nonla said that the allied forces of the Karen, the Mon and the Arakan on 15 June completed their operations throughout southern Burma to prevent Rangoon from mobilizing its troops in preparation for an attack on the rebels' bases along the Thai-Burmese frontier.

The operations, started in March, were aimed at cutting off the logistics routes of Rangoon's forces to the Thai-Burmese border and to force the Burmese forces to concentrate their soldiers in the towns.

Nai Nonla, who is also president of the New Mon State Party (NMSP) the political arm of the MNLA, reported three big operations in the Burmese interior during the past four months.

The Mon leader claimed that the separatist rebels on 2 April launched an attack on the opposition of the Burmese 61st Battalion in Ye town of southern Burma while another big operation was made on 3 May when two companies of the KNU, two from the MNLA and an Arakanese platoon jointly attacked a training camp of the Burmese soldiers in Sapu District.

Nai Nonla also claimed that the three allied forces, assisted by local cadres, last month blew up and destroyed a railway bridge in the same district, cutting off the logistics transportation route of the Burmese forces.

According to Nai Nonla, it would take approximately two years for Rangoon government to complete repairing the 200-metre-long bridge.

He said that after in [as published] finishing their operations in the middle of the month, the rebels were pulled out of the Burmese interior to the Thai-Burmese border area to help defend some of the KNU bases under Burmese attack.

He claimed that the ethnic minority rebels captured a number of weapons and killed about 60 Burmese troops while about 10 rebels were killed during the four-month operations.

Nai Nonla said the KNU sixth brigade, stationed at Asin opposite Umphang District of Tak Province, came under Burmese attack last week.

He said the 31st and 32nd Burmese battalions have been engaged in the all-out attack on the Karen rebels' base of Asin. The fighting between the rival forces escalated over the weekend, added Nai Nonla.

Nai Nonla said that the latest report from the Asin battlefield indicated that two Burmese companies were [word indistinct] rebels in the Burmese village of Jeyderng near the KNU base last Saturday.

He said the MNLA has dispatched a company of its rebels to help the KNU defend Asin.

The MNLA leader claimed that about 40 Burmese soldiers have been killed in the battle of Asin, however, he did not disclose the rebel casualties. About 700 Karen villagers were reported to have fled the Asin fighting across the border into Thailand.

Nai Nonla also predicted an attack by the Burmese Government troops on the MNLA base at the Three Pagoda Pass along the Thai-Burmese frontier opposite Sangkla District of Kanchanaburi.

/9274

CSO: 4200/1216

BURMA

BRIEFS

COMBAT ACTIVITIES REPORTED--On 28 May, 13 enemy soldiers were killed in the 3 attacks by the People's Army around (Tin-yu Taung) in Mong Yang field. The People's Army captured 1 G-3, over 200 rounds of ammunition, 3 grenades, and other military supplies. On 7 June, mines planted in (Salon-Wan Tang) region in Kokang District killed two enemy soldiers from the mercenary 109th Light Infantry Regiment and seriously wounded another. On 10 June, a small unit of the People's Army clashed with a platoon from the military government's mercenary 14th Infantry Regiment around (?Mong Lwe)-(Pang Pejo) area. One enemy soldier was killed and others found, including a mercenary sergeant, were seriously wounded. On 15 June, one enemy soldier was seriously wounded from the mines planted around (Kyauk gu) near Mong Hsat. [Text] [(Clandestine) Voice of the People of Burma in Burmese 1200 GMT 1 Jul 86 BK] /9274

PEOPLE'S ARMY ATTACK NEAR MONG TUNG--On 24 June a People's Army unit attacked and smashed two military units from the mercenary 117th Light Infantry Regiment near Mong Tung in central Shan State. According to incomplete reports, 12 enemy soldiers were killed and 2 were wounded during the attack. Ten assorted weapons, a 40-mm mortar, 6 mortar shells, over 700 rounds of ammunition, 8 hand grenades, 10 backpacks, and a large amount of military equipment were seized from the enemy. [Text] [(Clandestine) Voice of the People of Burma in Burmese 1200 GMT 5 Jul 86 BK] /9274

CSO: 4211/71

INDONESIA

POLITICAL SITUATION IN JAKARTA REVIEWED

Suyitno Sukirno Criticizes Suharto

Sydney THE SYDNEY MORNING HERALD in English 27 Jun 86 p 2

[Text] A former Indonesian Ambassador in Canberra, Air Vice-Marshal Suyitno Sukirno, has accused the Government of President Soeharto of systematically stamping out political opposition.

Comparing the situation in Indonesia to the Marcos regime in the Philippines, Air Vice-Marshal Sukirno said: "At least political opposition was allowed under Marcos. All opposition is stamped out in Indonesia."

He added that businesses were controlled and owned by the first family and their cronies ... "and that's only the tip of the iceberg".

In a telephone interview from Indonesia, Air Vice-Marshal Sukirno told Mary Gorman on the Mike Carlton program on Radio 2GB that hundreds of Indonesian political dissidents had been jailed and many had disappeared.

The Indonesian consulate in Sydney later requested a copy of the interview tape from 2GB and also warned the station that it would not be good to play the interview again.

Air Vice-Marshal Sukirno said he supported the Amnesty International claim that widespread arrests had taken place since the 1984 Muslim riots for challenging the Government's version of the riots.

Air Vice-Marshal Sukirno, Indonesia's Ambassador here

from 1970 to 1973 and a former deputy chief of the Indonesian Air Force, said the present situation in Indonesia was worse than the political suppression in the Philippines under Marcos.

He claimed that the Jakarta Government had systematically moved to eradicate any opposition not only by arresting those who were critical of the Government but by forcing public servants to sign forms committing their allegiance to the Government political party.

Asked if he saw similarities between the Indonesian Government and the Marcos regime, he replied: "Yes ... yes."

"In many ways. In the business that the businesses are controlled and owned by the first family. And their cronies ... that's only the tip of the iceberg."

He said close associates of Mr Soeharto had enriched themselves through business dealings as reported by David Jenkins in *The Sydney Morning Herald*.

"I have been interrogated for many hours, many times but I stick to my opinion," he added.

The consulate in Sydney also said that the Indonesian Embassy in Canberra saw the issue as a political one given that Indonesian-Australian relations were down.

Station Ignores Request To Silence Report

Sydney THE SYDNEY MORNING HERALD in English 28 Jun 86 p 3

[Article by Michael Laurence]

[Text] Radio 2GB has ignored a request by Indonesia not to replay a report that is highly critical of the ruling Soeharto Government.

Representatives of the Indonesian Government had asked 2GB not to repeat an interview with a former Ambassador to Australia, Air Vice-Marshal Suyitno Sukirno, first played early on Thursday morning.

Mr Warwick Adderley, the producer of *Mike Carlton Morning*, said yesterday that excerpts from the four-minute interview had been replayed three times and would be played again if considered necessary.

In the interview, Air Vice-Marshal Sukirno claimed the Indonesian Government had systematically stamped out its opposition. He also alleged that the President's family controlled and owned businesses ... "and that's only the tip of the iceberg".

After the interview was first played the Indonesian Consulate in Sydney telephoned 2GB asking it not to repeat it. A transcript was also sought.

"We told them it was not our policy to release tapes or transcripts, but they could make a written request," Mr Adderley said. The consulate was told the interview would be repeated.

The present Indonesian Ambassador to Australia, Mr August Marpaung, said yesterday that he wanted a "closer look" at the interview with Air Vice-Marshal Sukirno. "It may be that we have misunderstood him - English is not our first language."

The Ambassador said that although there was "no truth" in the claims of Air Vice-Marshal Sukirno he was free to express his opinion.

Mr Marpaung said there was a minority in Indonesia which was not in agreement with the Government.

"He cannot be objective about what is going on. He is a committed member of the Opposition.

"In Indonesia he is free to say what he likes provided he does not advocate, or use, violence. He has not been jailed.

"There is always a minority group who does not agree with what the Government is doing."

Air Vice-Marshal Sukirno was Ambassador to Australia from 1970 to 1973.

Peter Hastings writes: Air Vice-Marshal Sukirno is a nice, forthright man who, like a number of prominent Indonesians, including General Nasution, disagrees with the increasingly authoritarian trend of the Soeharto Government.

Sukirno is one of the original group of 50 eminent Indonesians in 1980 to sign P50 (petition of 50), a document criticising Soeharto's policies. It attacked the President's use of the five-point state Pancasila philosophy. Pancasila embodies belief in democracy, God, social justice, equality and unity.

According to the P50 group the President has used Pancasila to attack his political enemies by claiming any criticism is against the spirit of Pancasila. While orthodox Muslims reject Pancasila as a sole basis of belief as the President wants, moderate Muslims, including P50 members, want the Government to slow down its Pancasila implementation.

There is no hint that Air Vice-Marshal Sukirno is any less anti-communist or nationalist than the President or other prominent P50 members. They simply want to open the political system to wider debate.

I last saw Air Vice-Marshal Sukirno in Jakarta last August.

He was very upset over the Dharsono trial and said that he expected that he, General Ali Sadikin and other Soeharto critics would be arrested on subversion charges.

General Dharsono, one time commander of the crack Siliwangi Division, was charged with sedition and attending an illegal meeting at which Government critics planned a campaign of violence following the Tanjung Priok riots of September 1984.

Dharsono has since received a seven-year sentence.

The P50 critics are mostly older men belonging to an earlier, more liberal period of Indonesian history. Few foreign observers I met in Jakarta last year believed that those charged were guilty of more than being critics of the wrong sort, namely former military men.

It is difficult to guess what will happen to Sukirno. He is a game little man and he will fight. In a way he is a warning that while the President has achieved extraordinary success in bringing stability and economic development to Indonesia over the past 20 years, he still has his critics.

/13104

CSO: 4200/1228

INDONESIA

CURRENT ANTICORRUPTION DRIVE DESCRIBED

Sydney THE BULLETIN in English 1 Jul 86 pp 80, 81

[Article by Peter Hiatt]

[Text] THE INDONESIAN government appears to be gearing itself for a crack-down on crime and corruption — a significant move with preparations already under way for the general election due early next year.

The first signs came at the end of last month, when the official news agency Antara floated a story that the chairman of the Contractors' Association had complained that his members were required to pay illegal commissions to government officials. This was a surprising charge to make — not because it was untrue, which it was not — but because this was the very accusation levelled against the president's wife, Tien Suharto, in *The Sydney Morning Herald* in April.

The paper's story caused a diplomatic rift between Canberra and Jakarta which has not yet healed.

However, other local newspapers quickly elaborated on the Antara report — a sure sign of official approval, according to analysts here. Subsequent reports said an investigation was being mounted into one project in north Sumatra where bribes accounted for 29 percent of the total cost.

Suddenly the campaign gathered pace with a series of meetings at ministerial level. They culminated with Public Works Minister Suyono Sostrodarsono briefing President Suharto on the issue. The minister later quoted Suharto as ordering contractors to simply stop paying bribes. Similar orders have also come from various businessmen's organisations.

At the same time, a second front has been launched against smuggling. The government last year opened its attack on inefficient and corrupt practices at ports by sacking half of its customs officials and appointing a Swiss firm to do their work instead. A number of cases have been publicised recently of smuggling — either by changing the contents of crates after they have been inspected, or by splitting large consignments into smaller ones which do not attract duty.

The powerful commander-in-chief of the armed forces, General Benny Murdani, said that Suharto defined this as subversion — a crime which carries the death penalty in Indonesia. And that definition found instant support from parliamentarians and businessmen. The most interesting comment came from the leader of the Moslem PPP party, Sudardji, who provided a link to corruption. He said one of the reasons for the prevalence of smuggling — apart from Indonesia's huge area — was the susceptibility of its bureaucrats to bribery.

The government audit agency, in its most recent report, said it had submitted reports to the attorney-general of official corruption in 1985 involving \$36 million. But that is only a tiny fraction of the real level — Indonesian vice-president General Umar Wirahadikusumah once estimated that waste and corruption accounted for 30 or 40 percent of the state budget.

Foreign businessmen often complain about the number of palms they have to grease to be able to function —

and here is probably one reason for the embryonic crackdown. Indonesia's economy has been badly hit by the halving of oil prices since last December and the government has been trying to lure foreign investors by dismantling protectionist measures. But many are put off by tales of a high-cost economy and the corruption Indonesia could afford when it was rolling in oil money, but cannot with oil prices at \$13 a barrel.

Some analysts also believe there is a strong political element to the reforms. The strength of Indonesia's reprisals after *The Sydney Morning Herald* article suggests the government had been hit on a highly sensitive spot. Suharto himself is presented as a Mr Clean, and, by publicising action against corruption, the government is doing no harm at all to its own party, Golkar, less than a year before the elections. □

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CSO: 4200/1228

MALAYSIA

COMMENTARY DEFENDS EXECUTION OF AUSTRALIAN DRUG TRAFFICKERS

BK090953 Kuala Lumpur International Service in English 0800 GMT 9 Jul 86

[Station commentary]

[Text] The Malaysian external affairs minister, Tengku Ahmad Rithauddeen, has expressed his confidence that the recent execution by Malaysia of two Australian citizens, convicted for drug trafficking, will not affect relations between Malaysia and Australia.

The Australian Government has considered Malaysia's rights as a sovereign nation to enforce its laws in accordance with its own judicial system. The two Australians were arrested, charged with drug trafficking, and tried by the high court of Penang. Malaysia follows the British system of criminal jurisprudence, by which the guilt of accused persons has to be proved beyond all reasonable doubts. The trial judge was satisfied that the two men were guilty. They were sentenced to death by hanging, which is the mandatory requirement under the drug laws.

The Supreme Court of Malaysia heard their appeals and dismissed those appeals. Finally, a plea was made for executive pardon, but the Pardons Board did not grant their appeals. Therefore, every channel was used and all remedies were exhausted. The trial received considerable attention from the overseas media.

Allegations have been made of Malaysia following the so-called barbaric practice of hanging people for drug trafficking. What these accusers fail to look into is the seriousness of the drug menace. There are thousands of youths who are condemned to a life of utter misery because of drug addiction. The Malaysian Government and the Malaysian community want to be free of the drug menace. Our proximity to the notorious Golden Triangle region has turned us into a veritable front-line state in the war on drugs. As part of the antidrug policy, the government of Malaysia imposes the death penalty on those convicted of drug trafficking.

It is appropriate to mention here that the Australian External Affairs Department itself circulates information on the severity of the drug trafficking laws of Malaysia. Ignorance of the law is no excuse, but in

this instance, both the governments of Malaysia and Australia feel that due warnings have to be upheld about the death penalty. If, after all these warnings, any person takes the risk of bringing drugs into Malaysia for commercial gain, he must be regarded as being willing to put his life in peril.

Doubtless there are countries that have abolished the death penalty and they have their reasons for doing so. It is not logical nor just, however, to expect another country to change its laws or its legal system simply to conform to the notion of justice of one's own country.

There are forums available for influencing public opinion and political leadership on law reforms, but it is not appropriate to make those demands and claims in connection with an appeal to the Pardons Board.

Malaysia has always welcomed visitors and tourists, but it does not extend a welcome to drug traffickers. Like all other sovereign nations, it has a right to make its own laws and to enforce them. There is much merit in the comment of the New Zealand prime minister that the recent executions have warned people not to foolishly risk drug trafficking in Malaysia. The Malaysian Government and people are confident that their viewpoint will be respected by all right-thinking persons.

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CSO: 4200/1222

MALAYSIA

RADIO COMMENTARY ON PROPOSED ASEAN COMMON MARKET

BK141145 Kuala Lumpur International Service in English 0800 GMT 14 Jul 86

[Station commentary]

[Text] The establishment of a common market among the six members of the Association of Southeast Asian Nations or ASEAN, has once more become a topic for animated discussions among business people in this region. The common market idea figured prominently in the recent talks that brought together in Jakarta a representative cross section of ASEAN commercial and industrial leaders. They have made a forceful recommendation for a common market. They have also highlighted the problems that will arise in the near future as competition increases from industrial giants like Japan, China, India, and the European Community.

Earlier this month, a British junior minister had also stressed the value of greater economic cooperation culminating in a common market for ASEAN. There is no doubt that in its 19 years of existence, ASEAN has built up institutions and practices that have been conducive to the establishment of strong political and economic banding together of the world's industrialized nations and the protectionist policies that prevent a liberal marketing of goods from the developing nations [sentence as heard].

The idea of creating a more permanent body to look into the problems and aspirations of the south was mooted in Harare last November and in Kuala Lumpur in early May this year. It has now become more than a mere idea as Malaysian Prime Minister Dr Mahathir Mohamed took charge of the steering committee to establish the proposed commission. Further development had been reported with the appointment of some members to serve on the South Commission. This body will gain very considerable stature from the fact that it includes the Commonwealth Secretary General Sir Shridath Ramphal. The Commonwealth includes a large proportion of Third World nations and it has accumulated much experience in trying to deal with world economic disparities and numerous other complex problems, such as unemployment, youth affairs, and transfer of technology. The Malaysia prime minister's perception is that the nations of the south have common problems and many of them can only be tackled from a position of unity and determination. Also, there ought to be a decision concerning the self-interest of the more powerful nations that may not be prepared to accept many changes in the current world

economic situation. The Malaysian prime minister had to wage a lone and hard battle some years ago when he brought up the topic of Antarctica and its resources to the UN General Assembly. Today, his viewpoint commands wide acceptance among the nations of the south. Therefore, what is needed is, apart from vigilance and unity, a definite sense of purpose. The South Commission itself comprises intellectuals and scholars. Its first task would be the preparation of a program of action for practical South-South cooperation.

ASEAN has given its backing to the South Commission and we can confidently look forward to more positive developments even before the summit conference of nonaligned nations in Harare, Zimbabwe, in September.

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CSO: 4200/1222

MALAYSIA

FORMER OFFICIAL TO VIE FOR UMNO YOUTH POST

BK121137 Hong Kong AFP in English 1125 GMT 12 Jul 86

[Text] Kuala Lumpur, 12 Jul (AFP)--Lawyer Suhaimi Kamaruddin Saturday announced his bid for the presidency of the influential youth wing of Prime Minister Mahathir Mohamad's United Malays National Organization (UMNO).

Mr Suhaimi, 46, a former deputy minister until he was sacked by Dr Mahathir in July 1984, said he was accepting nominations to contest the presidency because it was time for UMNO youth to revert to its role as "the conscience of the people."

He said he was challenging Education Minister Anwar Ibrahim for the post because the 39-year-old Mahathir confidant had not championed the cause of the helpless or spoken out against injustices as a result of which "Malaysia today is beset with so many problems."

UMNO with some one million Moslem Malay members, is Malaysia's largest political party and dominates the ruling 13-member national front coalition. It will hold its biennian elections on 31 July.

Mr Suhaimi--who led UMNO youth from 1976 until defeated by Mr Anwar in 1982--is the second candidate to enter the fray. Last Thursday bank executive Syed Hamid Albar said he would fight Mr Anwar for the presidency.

Mr Suhaimi told a news conference that the president of UMNO youth should be prepared to be unpopular with UMNO's top leadership. "We have reached a crossroads. The party must decide which way it wants to go," he added.

Political observers saw his remarks as a clear attack on the close relationship between Mr Anwar and Dr Mahathir who brought the former student leader into the cabinet three years ago.

UMNO sources said both Mr Suhaimi and Mr Hamid would draw support from backers of Dr Mahathir's estranged former deputy Musa Hitam who quit the cabinet and powerful Home Ministry in February.

It was likely that one would withdraw from the contest to give the other a better chance against Mr Anwar, who has had a meteoric rise within UMNO and the government, the sources said.

"They would have little chance otherwise," a party insider said.

Political observers also say the fight for the UMNO youth leadership has developed into a proxy battle between Dr Mahathir and Mr Musa--although the party's top leaders deny this.

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CS0: 4200/1222

MALAYSIA

BRIEFS

MIRAGE FIGHTERS DEMONSTRATION--Kuala Lumpur, 1 Jul (BERNAMA)--France is keen to sell its supersonic fighter aircraft--Mirage 2000--to Malaysia, Yves Robins, a representative of Marcel Dassault Aviation, the makers of the aircraft, said [word indistinct]. He hoped that the Malaysian Government would consider purchasing the "third generation" fighter planes in its next development plan. Since the aircraft came into operation in 1984, besides France, five other countries--India, Abu Dhabi, Egypt, Peru, and Greece--had equipped their air forces with the fighter planes, he told reporters here. Two of the aircraft from the French Air Force would be here for three days beginning Tuesday to demonstrate for the Royal Malaysian Air Force (RMAF) key personnel. The "tactical flight manoeuvres" at the Subang Airbase, about 20 km from here, by the Mirage 2000, a single seater and a two-seater trainer version, Wednesday will be witnessed by senior RMAF officers. The planes, capable of exceeding twice the speed of sound, flew in here from Jakarta after participating at the Jakarta Air Show. [Text] [Kuala Lumpur BERNAMA in English 1335 GMT 1 Jul 86 BK] /9274

UK OFFICIAL ON TRADE, STUDENT AID--Britain has expressed its strong desire to increase its volume of trade with Malaysia. It hoped that the current flow of commercial relationship between the two countries can be further strengthened and more business links [words indistinct]. Its minister of state in the Foreign and Commonwealth Office, Mr Timothy Renton, said this at a news conference at the end of his 3-day visit to Kuala Lumpur today. He also said that the British Government will continue its special student-support scheme in Malaysia next year. Five million ringgit have been made available for this purpose. It is also prepared to increase the amount in scholarships and award scheme for Malaysian students. [Text] [Kuala Lumpur Domestic Service in English 1130 GMT 1 Jul 86 BK] /9274

ISLAMIC BOOK BANNED--The minister of home affairs has banned the book entitled: "Hadith: A Re-evaluation" by Dr Kassim Ahmad. In a statement, the ministry says that the move is taken after a careful study of the book. The ban is also to safeguard national and public interests. [Excerpt] [Kuala Lumpur Domestic Service in English 1130 GMT 7 Jul 86 BK] /9274

MAHATHIR ON LANGUAGE CRITERIA--The Prime Minister Datuk Sri Dr Mahathir, has reminded certain groups in the country not to make the national language policy a controversial issue. He said the national language, which has the Malay language at its core and which has been made the official language of the country, will not make anyone who accepts and utilizes it a Malay. Datuk Sri Dr Mahathir was addressing the opening of a national language convention at the University of Malaya, near Kuala Lumpur. According to him, the acceptance of the national language by all groups in the country will not change the race of that group, on the other hand they will be permitted to continue using their respective mother tongues. [Excerpts] [Kuala Lumpur Domestic Service in Malay 1230 GMT 14 Jul 86 BK] /9738

REACTION TO HAWKE'S STATEMENT--The Conference of Speakers takes a serious view of Australian Prime Minister Bob Hawke's description of Malaysia's executions of convicted drug traffickers, Brian Chambers and Kevin Barlow, as barbaric. Conference Chairman Tan Sri Mohamed Zahir Ismail said all speakers in attendance expressed regret at Mr Hawke's statement over the hangings of the two Australians in Pudu prison, Kuala Lumpur, on Monday [7 July]. He told newsmen in Shah Alam, Selangor, the speakers thought that Mr Hawke's statement gave the impression that Australia belittled Malaysian law and considered the capital punishment meted to the two as uncivilized and unsuitable for this day and age. The speakers of the conference, which ended yesterday, unanimously passed an emergency resolution expressing their grave view of the statement. Tan Sri Zahir, who is speaker of the House of Representatives, said the conference felt that such a statement should not have come from a national leader, who upheld the law. The statement had also touched on the sovereignty of Malaysia's law and legal system. He disclosed that the conference also decided to convey its stand on the matter in a protest note to the prime minister, Datuk Sri Dr Mahathir Mohamed, at the end of this week. Copies will be forwarded to the Foreign Ministry to be sent by telegram to the Australian Prime Minister's Department. [Text] [Kuala Lumpur International Service in English 0600 GMT 9 Jul 86 BK] /9738

CSO: 4200/1222

PHILIPPINES

EDITORIAL EXAMINES U.S. MILITARY AID PLANS

HK150611 Manila MANILA BULLETIN in English 14 July 86 p 6

[Editorial: "Military Aid"]

[Text] A request for the appropriation of \$150 million in military aid for the Philippines is pending in the U.S. Congress. In view of the insurgency in this country and the popularity of President Aquino in the U.S., the request will likely be approved.

That amount will go a long way toward strengthening the Armed Forces, which are badly in need of equipment, such as helicopters and weapons systems. The assistance will beef up the morale of the soldiers in the field.

The U.S. Government readily comes to the aid of countries which are endangered by communism. Regardless of the niceties of international law, it tries to prevent countries from falling into communist hands. One extreme example is Vietnam. The attitude has not changed. Witness the funding of the contras in Nicaragua.

There are special reasons for granting military aid to the Philippines. One of them is the utilization of the bases at Subic and Clark--the largest installations of their types outside the continental U.S. It would take some doing to persuade the U.S. Government to leave these bases.

The U.S. Government thinks the growing strength of the communist insurgents in this country is a threat to the government and to the bases. It will therefore do something in order to minimize, if not eliminate, the threat.

It will continue to give military aid in amounts it thinks is reasonable even as it monitors the developments at the insurgency front.

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CSO: 4200/1230

PHILIPPINES

BEIJING SYNDICATE SAID RESPONSIBLE FOR FAKE VISAS

HK150623 Manila THE NEW HERALD in English 14 Jul 86 p 1

[Text] A syndicate operating in Beijing is engaged in the faking and selling of visas to the Philippines, the Commission on Immigration and Deportation (CID) disclosed yesterday.

CID investigators said they were checking reports that some of the ring members operate inside the Philippine Embassy in the Chinese capital.

Intelligence reports reaching CID said that some aliens who have been granted fake visas have "derogatory records" in China and were able to come here by using aliases.

CID said that the unrestrained entry of fake visa holders has swelled the number of overstaying and undesirable aliens.

To stem the tide of fake visa holders, the CID imposed stricter primary inspection of incoming Chinese nationals and other restricted aliens, such as Taiwanese, Macao-Portuguese and Hong Kong-British subjects.

Sources said that the entry of fake visa holders became unrestrained in the latter part of the incumbency of former Immigration Commissioner Joaquino Chipeco when primary inspection of incoming PROC [People's Republic of China] nationals was allegedly taken from the intelligence division and given to the immigration division.

Sources said that the immigration division officers were not able to detect fake entry visas for lack of proper training and experience in distinguishing counterfeit entry papers.

The CID has the names of 16 Chinese nationals with fake visas. CID said that the Ministry of Foreign Affairs has no record of Zohrir having secured visas from the ministry.

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CSO: 4200/1230

PHILIPPINES

REPORT EXAMINES JAPANESE LOAN, GRANT AID

HK110643 Manila THE MANILA EVENING POST in English 9 Jun 86 pp 1, 8

["Special Report" by Rene G. Caparas: "Japan Giving More Aid to RP"]

[Text] When the U.S. left Vietnam in disgrace, the world power began tapping Japan to become Asia's "newest policeman." Japan politely told the U.S.: "No. Thank you."

Japan instead embarked on what world economists described as "an economic miracle"--the mass production of quality goods to compete with U.S. products in Europe, Africa, and Asia.

As Japan's economy continued to boom, there emerged a strong expectation that it should share the burden in the world affairs and make a more active contribution to development assistance, especially in the Third World.

To help developing countries, Japan supplies them with the necessary capital and technology. This actively is known as "economic cooperation."

Last 30 May, Finance Minister Jaime Ongpin and Takashi Hosomi, president of the Overseas Economic Cooperation Fund (OECF), signed an agreement where Japan granted the Philippines 49.50 billion yen (\$283 million) in loan aid and 8.178 billion yen (\$47 million) in grant aid. This is commonly referred to as the 13th yen loan package.

As early as 9 October 1985, the Japanese Government has pledged through the Embassy of Japan in Manila its willingness to assist the country in its recovery program and stabilization efforts. The package includes 11 priority projects loan and a commodity loan, four of which were shelved.

The project loans were (with corresponding budget):

1. The rural water supply project (2,555 million yen or \$11.9 million) involves the construction of deep wells and water supply systems all over the country, particularly in the rural areas. This is the third phase.

2. Nationwide air navigation facilities modernization project (Phase II), (7,595 million yen or \$35.3 million). Phase I of this project has already been implemented under the 7th yen loan package. Phase II will modernize the facilities of all airports to provide smooth and safe navigation of international and domestic flights.
3. Flood forecasting and warning system for dam operation project (phase II), (3,988 million yen or \$18 million). This will use five dams and reservoirs in Central Luzon to control flood by establishing an integrated flood forecasting and warning system for dam operation.
4. Maritime communication project (148 million yen or \$7 million). This will finance engineering services to provide adequate, efficient and stable public communication service to maritime districts in the country.
5. Metro Manila circumferential road No. 3 (1,439 million yen or \$6.7 million). This will improve the roads in Metro Manila to reduce traffic congestion on Epifanio de los Santos Avenue (EDSA) by constructing or improving a parallel road adjacent to the area.
6. Pampanga delta flood control and irrigation project (705 million yen or \$3.3 million). To increase rice production in Central Luzon and minimize flood damage, the loan will finance engineering services for the installation of a flood control system in the western side of the Pampanga River.
7. Nationwide ice plants and cold storages network system (175 million yen or \$8 million). This will improve the cold storage facilities and marketing system by supply ice required for transporting and marketing of fish and stabilizing fish prices by storing and preserving surplus fish. The loan will finance the engineering services of the project.

Four project loans were discarded by the Philippine Government for further study and research. These were the Philippine-Japan Friendship Highway improvement project (Phase II); the provincial water supply project; the regional telecommunication development project; and the floating unloader project. Philippine consultants said these four were not priority projects and needed more time and further study.

The commodity loan amounted to 16,473 million yen or \$76.6 million. The loan will be used for the importation of goods urgently needed by the Filipinos to stabilize the economy which shall be agreed upon by both the Japanese and Philippine Governments. These goods are not consumer goods, but machines, equipment, and fertilizer products.

The package also includes debt rescheduling amounting to 6,000 million yen or \$27.9 million. If the Philippines cannot forward any repayment in due time, this loan shall be used to offset any maturity payments.

Japanese Embassy officials said the whole package is payable in 30 years, with 10 years grace period, and interest rate of 3.5 percent annually.

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CSO: 4200/1230

PHILIPPINES

FRG TO PROVIDE ECONOMIC, TECHNICAL AID

HK150413 Quezon City BUSINESS DAY in English 14 Jul 86

[Article by Gethsemane M. Selirio]

[Text] Bonn--The Philippine Government will receive this year a total of \$22 million (DM48 million) in new economic and technical aid from the Federal Republic of Germany, including a \$3-million (DM6-million) assistance for the rehabilitation of the church-run Radio Veritas.

The new package of financial and technical assistance from West Germany--the second West European country in the past week to make good a pledge of financial support to the Aquino Government--is contained in an agreement signed Friday in Munich by Vice-President Salvador H. Laurel and German Federal Minister for Economic Cooperation Juergen Warnke.

Of the total new money, \$11 million (DM25 million) will be for the continuation of existing German-assisted programs, \$7 million (DM15 million) for technical cooperation and \$1 million (DM2 million) for non-project related scholarships. A grant of \$3 million has also been committed for the restoration of the transmitter facilities of Radio Veritas which were destroyed by Marcos loyalist troops last February.

The Philippine and West German governments also agreed to reprogram some \$8 million (DM40 million) for projects that are "effective in the short run."

In his statement during the signing of the summary record of Philippine-West German talks on development cooperation, Laurel said the agreement demonstrates the sincerity of West Germany in assisting the new government of Corazon C. Aquino overcome the country's economic problems.

Laurel also said that in line with the government's economic recovery program, financial resources from friendly countries like Germany, including official development assistance (ODA), must be channelled to programs which are "short-gestating, quick disbursing and which have direct and strong impact on employment and income generation."

These programs should be geared mainly to the rural areas where two-thirds of the Filipinos live, said Laurel, who is also the Philippine foreign minister.

"By enhancing employment and livelihood opportunities especially in the rural areas, we expect to propel a demanding economic recovery through increased incomes and purchasing power from our people," he said.

According to the summary record obtained by BUSINESS DAY, the only precondition for the quick use of the new money and the reprogramming of the old financial commitments is for the Philippine Government to submit "without delay" to the German Government the project documentation.

The German aid would be provided under the following terms and conditions, which a Philippine official noted as quite "nil" compared to other foreign loan and technical agreements: 30 years maturity including a 1-year grace period and an interest rate of 2 percent per annum.

Aside from the short-run employment programs, the two governments also agreed to cooperate in future on the following projects: a telecommunications project in the Ortigas-Cainta area; a load control center in Mindanao; infrastructure in small islands; processing, handling and storage facilities for grain; the rehabilitation of the Sucat power station; and transformer stations in Manila.

The negotiations on the details of the programs will be held in Manila early next year after the Philippines has adopted its new development plan.

Not included in the summary record is the West German Government's expressed intent to donate some \$50,000 for the victims of the recent typhoon in the country.

To lay the groundwork for future assistance to the Philippines, the German Government is sending a team of experts to the country on 28 July to study current economic conditions and to assess the investment climate.

The German mission will be led by Otmar Emminger, former chairman of the Federal Bundesbank, and Dr Ertel, former minister of agriculture.

A study will be prepared by the German team of finance experts which shall serve as the working document for a symposium on Philippine-German trade and business to be held in Manila this October. The October meeting will be preceded by the ASEAN-European Economic Community summit in Jakarta.

The signing of the agreement for the German economic and technical aid to the Philippines highlighted the five-day official visit of Laurel to Germany. Laurel called a meeting of all Philippine ambassadors to Europe yesterday.

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CSO: 4200/1230

PHILIPPINES

AQUINO APPROVES GOVERNMENT SALARY HIKES

HK120021 Manila Far East Broadcasting Company in English 2300 GMT 11 Jul 86

[Text] President Aquino has approved salary increases for government personnel. Here is (Art Pavilion) for that report:

[Begin recording] President Corazon Aquino has approved a 10 percent salary increase for all government employees and 20 percent salary increase for all public schoolteachers to enable them to cope with the increased cost of living. The adjustments are aimed at benefiting some 885,274 of the government's 1 million personnel, including teachers, soldiers, health workers, policemen, and extension workers, among others, and will cost the government some 1.634 billion pesos in a 6-month period.

The increases, which took effect last 1 July 1986, were recommended by Budget Minister Alberto Romulo and approved in a cabinet session on 9 July.

President Aquino had earlier appealed to the teachers to postpone their planned mass action for 16 July. With the 20 percent increase, a schoolteacher's salary will be upgraded to 1,837 pesos a month, because of an additional 241 pesos in base pay and 150 pesos in cost of living allowance. [end recording]

Meantime, the 17,000-strong Manila Public Schoolteachers Association or MPSTA is expected to call off its planned strike on 15 July following an assurance from Budget Minister Alberto Romulo that their demands will be granted. MPSTA president (Frederico Ricafod) said he will convene the different MPSTA chapter presidents to lay aside the nationwide mass action.

In a meeting with MPSTA officials yesterday [11 July], Romulo said their demands for a 10 percent salary increase will be given aside from the 10 percent increase in basic salary President Aquino approved last Wednesday for all government employees.

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CSO: 4200/1230

PHILIPPINES

COLUMNIST COMMENTS ON 'EARLY' LAUREL FOR PRESIDENT BOOM

Quezon City ANG PAHAYAGANG MALAYA in English 31 May 86 p 4

[The "Please Pass The Salt" column by Armando J. Malay: "An Early Boom for Doy"]

[Text]

Is a Doy-for-President boom on this early?

With Corazon C. Aquino occupying the presidency for less than four months and with a six-year term ahead of her, I notice that all speakers in any gathering where Doy Laurel is the guest of honor, always mention that he is the next President of the Republic, and such mention always elicits wild applause from the audience.

I got that impression when the "Avante, Filipino" Movement was launched May 22 at Philippine International Convention Center and last Wednesday when Laurel hosted a dinner for his fraternity brothers of the Upsilon Sigma Phi at Club Filipino. The enthusiasm displayed for Doy on both occasions would make one think that a presidential election is only a month away. Then only last Thursday, it was reported that Laurel is proposing to Cory Aquino a "parallel presidency." He wants to be given three functions which go beyond his present "ceremonial" role.

The first two extra functions Laurel wants to discharge look harmless enough: "1. To

assist the President in the formulation of national policies and programs and in overseeing their implementation; (2) To keep the President currently informed of the political, economic, social and peace and order conditions in the various regions and parts of the country."

But the third function Doy seeks could be seen as a threat by many ministries and offices and agencies: "3. To help supervise and control certain offices and funds which entail negotiations and interactions with foreign governments and institutions, and to oversee the progress and status of foreign assisted projects."

Today there are ministers that confer directly with the President on matters involving foreign governments and institutions, but under function No. 3, the vice president would help supervise and control such funds and offices which negotiate and interact with foreign governments and institutions. Naturally there is concern that beyond helping, the V-P's office could directly be controlling. If this comes to pass, can endless squabbles be far behind?

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CSO: 4200/1220

PHILIPPINES

COLUMNIST SEES AQUINO'S FIRST HUNDRED DAYS AS 'FAILURE'

Cebu City VISAYAN HERALD in English 9 Jun 86 p 3

[The "Bombshell" column by Atty Vicentes Del Rosario: "Cory's 100 Days: A Failure"]

[Text] There is a practice in the U.S. followed by the media not to attack or criticize the new administration so as to give it time to organize its cabinet and plan its activities and economic policies for its duration provided by law. This practice has been followed here in our country.

Cory Aquino's first 100 days in office have just lapsed. When she was interviewed by foreign and local correspondents, she said that she rated her performance in office as 85%. This, of course, is self-serving. We, the people, who are directly affected by her role as President should judge her performance.

What has President Aquino achieved during her first 100 days in office? Was she able to organize a good and effective cabinet? Was she able to solve or even plan for solutions to the economic crisis we are now in? Politically, was she able to restore democracy to our country? Was she able to restore peace and order to the nation?

As to the first question, it is public opinion that she had formed a bad cabinet composed mostly of radicals. So bad that in her cabinet meetings, chaos often results and very little good decisions were made. Pertaining to the economic crisis, she has not only failed to solve it; in addition, she was unable to present a plan to remedy the situation. This indeed is 100% failure. During the first 100 days in office, she did nothing but to send her finance minister to the U.S. to ask for a loan of more than \$5 billion, an imitation of Marcos' propensity to borrow money from foreign sources.

Politically, instead of following or imposing the 1935 constitution, she aped or imitated the Marcos dictatorship with the only difference that hers, according to herself, is designed to restore democracy in a year's time. But nevertheless, it is a dictatorship that is not to the liking of our people who love democracy. And what is disgusting to many is that she

assumed jurisdiction and control over all offices and officials created by her predecessor under the 1973 constitution and because of this, her government is now planning to appropriate P110 billion--more than any budgetary appropriation made by Marcos.

The only achievement President Aquino had accomplished is the restoration of the writ of habeas corpus, release of political prisoners and a guarantee to all of their human rights and freedom. But this, to my point of view, is not an achievement because by one stroke of the pen she could easily achieve it in time. It is my honest opinion that Pres Cory Aquino's first 100 days in office is an utter failure.

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CSO: 4200/1220

PHILIPPINES

BUSINESS DAY'S CACHO-OLIVARES ON DISILLUSION WITH AQUINO

HK150411 Quezon City BUSINESS DAY in English 14 Jul 86 pp 4, 5

["My Cup of Tea" column by Ninez Cacho-Olivares: "Bursting the Bubble"]

[Text] Every married or even unmarried couple that has been on a honeymoon knows that such a state of bliss does not last forever. I suppose that this is true even with newly elected and highly popular heads of state. They too realize that their honeymoons with the electorate and the press can only last for so long.

In the case of Mrs Corazon Aquino, the free-wheeling and vociferous Philippine press accorded her the traditional honeymoon which officially ended after her 100th day in office. During that period, the press generally glossed over her mistakes, her indecision, her vacillation over certain issues, and as a whole forgave Mrs Aquino for her inexperience in manning the ship of state. The press placed the large blame mainly on her cabinet ministers.

Furthermore, in her case, the press remained still more or less sympathetic to her even after the honeymoon. There were perhaps reasons for this. When she took over the reins of power, the machinery of government was in chaos, principally brought about by the plunder, then the abrupt departure of the autocrat Marcos. Almost no time was given her to form her government and to restore order in the government machinery. Thus, when presidential gaffes were inevitably committed, hardly anyone ridiculed her. When her ministers in her shaky coalition openly bickered and spoke to the media in a bable of voices, thus succeeding in giving the public the impression that the president was hardly in command, many, including some media persons, felt that Mrs Aquino was still feeling her way through and that given more time, she would crack the whip and hold the center together.

That she continued to be extremely popular with the people helped her media image greatly. That she was seen as being totally dedicated to restoring democracy in the country helped just as greatly. And perhaps, because many wanted democracy and freedom to prevail and succeed, Mrs Aquino was forgiven almost everything.

There are still millions of Filipinos who want democracy and freedom strengthened, but they also want to see their president act decisively on issues; show her strength and toughness and prove to the people and to the rest of the world that has been keenly watching the country for months now, that she is in complete charge and capable of holding the center together; that she can meet threats--whether from the left or from the right--head on.

A discernable tinge of disenchantment has set in, with her handling of the aborted coup d'etat a week ago. That disenchantment from many citizens, however, is not sufficient reason for them to transfer their support of her to, say, Juan Ponce-Enrile, Fidel Ramos and the military or to the communist leadership, or to the Marcos loyalists, should any one of them try to stage another coup within the next six months.

But the sad effect of disillusion setting in is that this may be the start of a resurgence of indifference among the Filipinos. This may spell disaster for the Aquino coalition government. As long as Filipinos still care about the leadership, enough to help it attain its goals, the Aquino Government can survive.

The question is how long can the public remain supportive of Mrs Aquino and her government, if her leadership, by example, shows too many perceived signs of weakness and indecision? If it continuously shows a soft stand toward coup plotters and rebellious military men, towards warlords and their armed goons?

Many of us raved and ranted against injustice during the Marcos regime. We were witness to the many blatant infractions and abuses of the law committed by soldiers and friends of Marcos. During his reign, hardly anyone of consequence seemed to have been punished for those infractions. As a matter of fact, the Marcos men and women who "flouted" the law during the autocrat's reign were protected and even promoted or rewarded. And those who sought and fought for justice were either harassed or punished.

It was perhaps because Mrs Aquino, during the first few hours of the rebellion, failed to show the nation that she was in command of the situation that she is now perceived as always deferring to Ramos and Enrile, leaving to them the major decisions whenever threats of this nature erupt. It did not help her image any when she said that she was glad there were Defense Minister Juan Ponce Enrile taking care of her interests in Manila.

It was perhaps because Mrs Aquino failed to immediately and decisively react to the situation that she is now viewed as weak and indecisive, incapable of taking the initiative when push comes to shove.

And it was perhaps her offer of leniency toward the Marcos loyalists and the coup plotter that finally broke the bubble she has been blissfully cocooned in, during her almost five-month reign.

The people looked up to her for justice. It was not so much that the plotters and supporters of the coup were Marcos loyalists that the people wanted justice done. It was because the law was "flouted" and those military and loyalist soldiers and civilian successfully challenged the presidential authority with impunity.

And they went scot-free. Where was that justice that many had searched and fought for?

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CSO: 4200/1230

PHILIPPINES

FUGITIVE KMU LEADER SURFACES, MEETS AQUINO

Quezon City ANG PAHAYAGANG MALAYA in English 31 May 86 pp 1, 6

[Article by Joel Paredes]

[Text]

Fugitive labor leader Crispin Beltran came out from hiding and met President Corazon Aquino yesterday to pledge his support to the new government.

The 53-year-old Mr. Beltran told Malaya after his closed-door meeting with the President that he had been assured of his freedom.

"There's no more reason that I should remain in hiding," said Beltran, who escaped from his military captors in November 1984.

Beltran, secretary general of the militant Kilusang Mayo Uno (KMU) was arrested with the late KMU chairman Felixberto Olalia and several labor leaders in a military crackdown on alleged "communist fronts" in the labor movement in 1983.

Accompanied by his wife Rosario, and several KMU leaders, the bespectacled labor leader said Mrs. Aquino did not promise him amnesty, but he was certain that sedition charges against him will be dismissed in court.

Beltran recalled that he escaped from his escorts after convincing them to accompany him to his house in Quezon City after a court hearing.

Beltran noted that he decided to lead a "legal" life realizing there was hope in the Aquino government in her policies with the labor class.

Beltran said it was a "matter of jealousy" from some groups that sparked the labor crackdown in 1983.

He said he believes that Labor Minister Augusto Sanchez is a "true friend of labor" who would not allow any illegal arrest of militant workers.

Beltran denied that the KMU was a communist front, saying that it was his labor center "who dared promote the welfare of the workers while fighting the dictatorship."

He also accused the Trade Union Congress of the Philippines "of having outlived its usefulness."

Beltran alleged that the TUCP was trying to "sabotage" the integrity of the tripartite meet, which President Aquino formed to restore industrial peace in the country.

He said TUCP should now join the Employers Confederation of the Philippines (ECOP) which he said continued to advocate the same policies during the Marcos regime.

Meanwhile, KMU chairman Rolando Olalia told Malaya that he and several KMU leaders including Beltran assured the President that they were seriously considering a six-month moratorium on strikes.

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PHILIPPINES

MUSLIM CRITICIZES AQUINO FOR SNUBBING MNLF PANEL

Quezon City ANG PAHAYAGANG MALAYA in English 31 May 86 p 5

[Letter to the Editor by Yasmin Yacob, Digos, Davao del Sur]

[Text]

I am a Muslim from Davao del Sur who is an avid fan of yours. I cried with tears of joy when you took your oath of office as President of the Philippines because I knew that the dream of the Muslims will soon be realized now that the dictator President Marcos has fallen.

Knowing the commitment of your late husband Ninoy to the Muslims, I was very sure that you will honor such a commitment.

When the MNLF reformist group arrived led by Sultan Macapanton Abbas Jr. in answer to the government's invitation, I was one of those who eagerly met them at the airport. I was surprised at the thousands of Muslims who met the group as I did not expect such a huge crowd.

Then I realized that Sultan Abbas' arrival with the MNLF panel gave hope to the millions of Muslims who wanted the Mindanao problem to be solved.

As days went by and I followed the news about the MNLF panel's activities I became impatient. Every morning when I read papers I immediately look for the MNLF press release to find out when they are going to meet with the President, just to find no mention of it.

When Sultan Abbas and the MNLF panel went on a tour of Mindanao, then I realized what a brave man Macapanton Abbas was. When the monitoring of the cease-fire-in-place agreement was signed between Gen. Rodrigo Gutang and Gen. Jose Magno, then I knew that the MNLF has truly sent the right person to represent them. And I felt this time Cory will surely meet with them.

When I read in the papers that the MNLF panel was back in Manila together with the chief of staff of the Bangsa Moro Army, Commander Dante Indalla, I thought everything was ready for the meeting with you, Madame President.

It came as a shock when after a few days, I read that the MNLF panel was leaving for Jeddah and Malaysia without having been given an audience by President Aquino. My 100 per cent admiration for you, Madame President, fell right down to zero.

How come that you are over-concerned with making peace with the NPA. You even went to the extent of pleading with their leaders to meet with you. How come you have never shown that same concern for the MNLF?

I say MNLF because we are talking of rebel groups. While you are trying your best to make peace with the NPA leaders, you just ignored the MNLF panel who came here upon the invitation sent to them by your government.

Will the MNLF have to show their force as the NPA is doing to make you aware of the gravity of the situation in the south? Or is it true that some of your cabinet members have Communist leanings? Is that why you are more concerned with the NPAs.

You know, Madame President, it breaks my heart to say this: I don't think you really care about the Muslim problem. It was only Ninoy who was for the Muslim, not you.

YASMIN YACOB
Digos, Davao del Sur

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CSO: 4200/1220

PHILIPPINES

AQUINO, RENEGADE PRIEST BALWEG TO MEET IN AUGUST

HK150509 Manila PHILIPPINE DAILY INQUIRER in English 11 Jul 86 pp 1, 10

[Article by Roy S. de Guzman]

[Text] Renegade priest Conrado Balweg has agreed to come down from the hills and meet with President Aquino next month to present the demands of his Cordillera People's Liberation Army.

The military has already given Balweg and those who will accompany him a safe conduct to come down to Manila or a nearby area to meet with Ms. Aquino.

Balweg's decision followed his second meeting with Agapito 'Butz' Aquino, brother-in-law of the president. Sources privy to the meeting told the INQUIRER that the two agreed a dialogue with the president was necessary to bring about a cessation of hostilities between the government and Balweg's rebels in the Cordilleras.

This developed as government negotiators engaged in separate peace talks with the broader underground admitted that truce arrangements with the National Democratic Front (NDF) have hit a snag because of difficulties in communications.

Agriculture Minister Ramon Mitra Jr., one of two emissaries of Ms. Aquino in the negotiations, told a recent press conference they were still awaiting word from the rebels on when the talks can start.

He said the lines of communication are one-way and that the government has no means of contacting the rebels.

The meeting last Monday between Aquino and Balweg was the second in barely a month's time. In their first dialogue June 15-16, the 42-year old priest as spokesman of the Cordillera natives in presenting to the government the main demands of his people so peace can reign in the area.

The demands, which the emissary immediately presented to the people are declaration [of] an autonomous state for the Cordillera, stop to militarization and the implementation of special projects in the region's five provinces.

The president signified her intention to meet the rebel priest, who only three months ago ended seven years of association with the communist movement to establish his splinter group.

Defense Minister Huan Ponce Enrile also instructed the armed forces to lift the P130,000 price tag on Balweg's head as he backed the priest's proposal for Cordillera autonomy, only expressing reservations about the inclusion of six barrios which he said are predominantly "Christian areas".

Aquino is to meet Balweg later this month to finalize the arrangements for the meeting with the President.

At his press conference, Mitra also said two underground figures they met recently are not representatives of the NDF. The NDF has named two former journalists--ranking dissident leaders Antonio Ma. Zumel and Satur Ocampo--as their emissaries authorized to speak for the entire underground movement including the Communist Party of the Philippines and its military arm, the New People's Army.

Observers noted that Mitra and ex-Senator Jose Diokno, the other emissary, are not in control of the negotiations, as "they had practically yielded to the NDF even the choice of area and agenda for the talks."

A rebel spokesman this week appealed to his younger brother, an army general who was leading soldiers in a revolt, to repudiate "a cause which, by its inherent evil, has been totally rejected by our people."

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PHILIPPINES

NPA PRIEST RELATES CONCERNS, VOWS TO CONTINUE FIGHTING

Manila MR.&MS. (Special Edition) in English 13-19 Jun 86 pp 19, 20

[Article by J.R. Alibutud]

[Text]

FATHER Frank Navarro, tall and 38, plays center on the rebel basketball team. Up there in the hinterlands of Northeastern Mindanao, he is called Migo, short for *amigo* which means friend. Standing shoulders above the rest, Migo dominates play on the dirt hardcourt and more often than not leads his team to victory.

Migo is one of the five priests in the Mindanao area who has chosen the radical option, that of taking up arms against the government. He was formerly parish priest of Diatagon, Surigao del Sur.

Three years ago, Migo faced a most crucial choice. Already under the watchful eyes of the military for his involvement in the social action and justice programs of the Church, he was tipped off that warrants of arrest had been filed against him and three others including a fellow priest and a nun.

Navarro could remain in his parish of Diatagon and await possible arrest, imprisonment and torture or he could quite simply walk right out of his backyard into the hills. Navarro chose to be free.

Life in the NPA camp was pleasant when we were around to interview Navarro. Under the rain curtains (vari-colored sheets of plastic used to ward off rain and early morning dew) and on the benches throughout the camp, rebels wrote, played chess, strummed the ukelele, or gathered at the social hall for one discussion or another.

Navarro is now pretty high up in the CPP command structure and having been a priest, there were several burning questions to be asked: How does a priest reconcile the teachings of the church with the needs of the revolution? How does it feel to kill a man? What hope is there for a lasting and honorable peace?

Over a plateful of *champorado* (chocolate porridge), served up as a midday snack by Nino, a chubby NPA cook who whips up the best meals ever given to reporters this side of a people's revolution, Frank Navarro, diocesan priest, talked of things which brought peaceable men like him to violence and of things which may bring about peace.

"My decision (to join the rebels) was not immediate. It all started when I was an assistant parish priest. I used to volunteer to go to the remote barrios. There in those barrios, I saw the victims of ejections, the natives who were deprived of their lands, the farmers whose lands were bulldozed. I soon accepted the post of social action director and I became more and more involved with the political detainees, the victims of the logging companies, peasants and natives. It was then that I realized that if I were to stay in this job, I will only be a shock absorber for the victims. My apostolate does not really solve the problem or the root cause.

"My bishop gave me a parish of my own as a compromise. I had decided to get out of my parish and work in a particular sector, those of the workers or the natives. I never dreamed of quitting the priesthood. I was hoping to do something more meaningful and I did

not wish to be tied to an institution where the work is limited in scope. I wanted to work with the people who really needed help.

"I accepted the offer of a parish but only for the duration of two years. So I served in Diatagon for two years — it was my last parish — and then it so happened that we had a symposium. That was July 4, 1983. All the delegates from my parish were arrested on their way home from the affair. I had stayed behind because I was supposed to attend a peace meeting the next day. One of those arrested was a teacher. She was the one who read the documentation of the military abuses. When she was arrested, all the 200 persons who were with her chose to be arrested too.

"I followed them up and it was there that I had a confrontation with Col. Hermosa, the Deputy Regional Commander. I asked him on what basis the arrest was made and he answered that our symposium was subversive. We were detained from 1:00 p.m. till 10:00 p.m. It was the parish priest of Tandag (Surigao del Sur) who vouched for us because the Bishop was not around.

"When we were released we thought that everything was fine already. But four of us were ordered to report back. The four included me, another priest, a nun and the teacher.

"Two weeks after, I was informed by a friend that warrants of arrest has already been filed against the four of us. My Vicar, Father Langit, advised me to see the Bishop because he believed that the Bishop would be the only one who could defend me. I went to Tandag and the Bishop said that he was informed by Col Hermosa that I was to be arrested. The Bishop advised me to stay in the Bishop's Palace while he consulted with (Sen) Diokno about the matter. Then the news came that the place was about to be raided. I thought things over and I decided to escape. I did not wait for the result of the Bishop's consultation with Diokno.

"I already had plans, but not at that time yet. I was already thinking about it two years before but I thought that the Bishop might not be able to take it. Also, others might have been affected by that decision. The warrant of arrest only hastened my decision.

"I had a feeling of doubt when I first arrived there, they asked me where I stood. I asked them where help was needed. They needed people in the armed unit if I could handle the task. I arrived there in September and joined the armed unit in November.

"The first two months I integrated with them, I interviewed the others, learned to use arms. Even before, I had already accepted the theory of armed struggle but when it came to putting it in practice I felt doubtful. I felt it would be different now, I would be holding a gun, it would surely happen that I would kill another person. But I reflected.

"Later I resolved my problem. Why can't a priest whose life is to serve a people offer his life for the people? When the laity is in danger, why will the priest be afraid of giving his life and face death in joining the revolution? I am already here, why should I be afraid to face death?

"I communicated with some friends in the city about the matter. Some said it was unbecoming for a priest to be with an armed unit. I wrote them back that more is expected from a priest, since he doesn't have any attachments in life. Besides, he has already given his life, he doesn't have a family to look after.

"I come from a big clan. We are six in the family. Their reactions to my decision varied. There were those who understood and accepted the fact while others thought it was due to the warrant of arrest. I communicated to them and explained. Would they like it better if I were captured, imprisoned, then tortured and made to accept

accusations which were not true? I would rather fight back and die. I am here in the mountains alive and fighting it out. What would they prefer? My parents understood. They would rather have me here alive.

"I explained to them the situation of the priests who were arrested, like Fr. Kangleon, and others who were killed and tortured.

I told them that if I were tortured and made to confess, I would rather die than tell about my comrades.

"About the events in February, we were very busy then in operations in the forest. We had no communication. I was able to borrow a radio though and so from the 22nd to the 25th, we were able to follow the news. My reaction to the active

participation of the church was that the Church was used, especially in the dialogue of Habib (Philip, Special Envoy of U.S. President Reagan) and Cardinal Sin. I am not sure whether they knew they had been used, but it was clear that they were used. If they knew they were being used then they have to answer to the people. How sincere are they in their mission to help the masses? The church's stand for active non-violence favors only those in the ruling class. What happened is that they have stood in the way of the people's struggle to defend their rights.

"If the church had made the option for the poor and the oppressed as mentioned in their pastoral letters, it is now inconsistent that the church is objecting to the people's struggle when it is the right of the people. The revolution is just. It is for the defense of our rights.

"The aim is to preserve the church's interest. Others have analyzed that if the Marcos regime fell and the CPP won out, the church may lose power. There is also evidence that there are people in the church who are connected with the CIA. I wonder if they could carry that in their conscience and continue serving. I think that is a sophisticated form of violence. It is clear that the ruling class is doing violent actions, and the masses are just defending

their rights. They have all the weapons, those who are above. The church could have done something about that but it has always raised the point of non-violence, without citing the violence committed by the ruling class. If the church is true to its principles, it should attack the ruling class first.

"Before, no priests were allowed by their Bishops to run for public office or hold any government position. Why is it being allowed now? It's questionable, we can see that their principles, if they have interests to uphold, will not remain. I question the truthfulness of their principles.

"On the use of priests as intermediaries between the government and the insurgents, that's good if their aim is only to negotiate and make both parties meet and talk. If a dialogue is to be made, it should be on an equal footing. Their proposal now for us is to surrender and then talk that is not a dialogue on an equal footing.

"As far as I have observed, the rebels haven't lost their respect for priests. The church is credible enough to facilitate ceasefire talks if the mediators are qualified and familiar with the situation.

"One who knows the situation understands the rebels' predicament. The rebels would not accept the facilitator if he will just lecture on the values of reconciliation and sacrifice the rights of those struggling.

There are some who are acceptable to us but we are not sure if he is also acceptable to the other side. Bishop (Julio) Labayan or (Miguel) Puruganan. Bishop (Carmelo) Morelos, but I don't know if he will agree. Bishop Dinualdo Gutierrez. Bishop Federico Escaler.

"Marcos is no longer around, but the problems are still there. The system has not yet changed. We have faith in Cory but the problem is, how strong is she? We know she is sincere in her campaign for democratic reforms. The military respects her because she is still popular. Until now I think that Cory's administration is temporary.

"I'm sure the U.S. wouldn't accept it. Even Enrile and Ramos especially when Cory tackles our demands for nationalism and democratic reforms. Cory may grant all these but the military will feel threatened.

"I was not expelled from my diocese. They are still waiting for my decision. I am more or less on leave from the church. I think though that if there is not any substantial change in the institutions of the church, I will not go back.

"Last year though, in my tenth year anniversary as a priest I celebrated mass in a consolidated barrio. I asked permission from the Bishops. I wrote to two of them.

"I will still have a ministry though it will not be institutionalized. I believe that is

much better than being a priest — everybody respects you as a priest but you are not really serving the people. I would rather that they wouldn't call me or know me as a priest but I have served the people, only not sacramental. It would be in another form.

"Priests should be allowed to have other apostolates. If one wants to offer his apostolate to the revolutionary forces, he should be granted that wish. He will still be serving the people. Rebels are people too, you know. If they could provide a chaplain for the military — why couldn't the CBCP do the same with the NPAs?

"Many are needed to help the people here in the barrios. If only the priests are sincere enough and not just come up in the mountains during fiestas. They would see for themselves the life of farmers, the natives and the poor.

"In an exceptional situation

you can have an exceptional ministry.

"When Marcos left, it was clear that the war was not yet over. Marcos is not really the problem of the people. Imperialism is still there. The military set-up is still intact. The multinationals are still operating. We don't really trust the government but in Cory we have faith. We trust her a lot.

"It will be good if she will know that we trust her a lot. We are ready to help in the implementation of programs. Cory is sincere. Cory can have her way now because she is very popular but once the multinationals are threatened, once the U.S. interests are endangered. Cory will just vanish. That is our point. It is very hard for us to trust the government. Even people are worried — once the NPAs lose, their lives are in danger because in times of military operation nobody will defend them." MM

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PHILIPPINES

NPA CONFIRMS 17 LIQUIDATIONS IN CEBU AREA

Cebu City VISAYAN HERALD in English 10 Jun 86 pp 1, 4

[Text] Communist-led New Peoples Army (NPA) liquidation units have executed a total of 17 persons with "blood debts" to the people in the metropolitan Cebu area and hinterlands this year, according to the latest issue of "Pakigbisog" (struggle), a Cebu-based underground communist newspaper.

The paper also reported that from last year to march this year, more than 45 counter-revolutionaries and other bad elements were meted death penalties by the NPA.

Among those whose death the insurgents have claimed responsibility for were: Pat Enriquez Abelgas of Cebu City; Pat Bebe Baritua of Aloguinsan town; Apolinario Birzaga, Rodolfo Casas of Tuburan, Cebu; Barangay Capt Rodito Ynnay of Lanao, Asturias town; Jose Pacana, Juan Prito, Jesus Tabora, Nelson Fuentes in Mandaue City.

They claimed responsibility for the death of Felicisimo Lingaw-lingaw and two members of a fanatical cult who were gunned down last week in Talisay town.

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PHILIPPINES

CEBU ATTORNEY REJECTS LEGALITY OF CONSTITUTION, CONCOM

Cebu City VISAYAN HERALD in English 11 Jun 86 p 2

[The "Bombshell" column by Atty Vicente Del Rosario: "Provisional Constitution Is Not a Constitution"]

[Text] A few months back I had the ambition to secure a place in the Constitutional Convention, in the event it would be created. But when I learned that instead of a convention there would be a Constitutional Commission composed of not less than 30 nor more than 50 members to be appointed by Pres Aquino, I felt, and I am of the opinion that she does not have the authority to do that. As far as I know, in my more than half a century in the law profession, no President had ever appointed delegates of a constitution-drafting-body. And soon I found out that my hunch turned out to be constitutionally supported.

The power of Pres Aquino to create and appoint members of the Constitutional Commission is provided for in an article of the provisional constitution--a constitution that is not, in the real term, a constitution. Why? Drafted by only five persons headed by Justice Minister Neptali Gonzales, this so-called provisional constitution has not been submitted to the people for ratification. Can our readers tell us that a constitution which has not been ratified by the people is a real and honest to goodness constitution? This so-called provisional constitution is not even a law in its real term because it was not enacted by legislature. Are the five persons who concocted it a legislature?

Finally, I would like to hear from somebody, preferably Minister Gonzales, to answer my questions.

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PHILIPPINES

TANADA INDEPENDENCE, VIEWS ON CONCOM REPORTED

Manila MR.&MS. (Special Edition) in English 13-19 Jun 86 pp 4-6

[Profile by Roland J. Pascual--"Lorenzo Tanada: Still a Man for All Seasons"]

[Text]

LORENZO M. Tanada. His validity to our times emanates not from his being the civil libertarian that he has been practically all his political life -- given to his radical anti-U.S. bases and anti-imperialist invocations -- but by his being a continuing living symbol of what the legal Opposition in the public-administration arena has evolved into, climaxing in a February revolution that said it all for our convulsive anti-dictatorship sentiments.

He has aged well in politics. For all its glory and corruption, it has led him to "lonely paths" where he was to be derided, says Chief Justice Claudio Teehankee, by "self-proclaimed practical realists as quixotic and a frustrated Sir Galahad." No one, however, can question his sincerity and integrity, adds Teehankee.

He knows he is dubbed the Grand Old Man of the Opposition (remember when?), but he claims he does not know why.

Most probably, it all started in 1948, when he bolted from one of two prominent political parties, the Liberal Party, and only after a year's stint with the Liberals. He discovered too soon the "great anomalies". "Leaders of the Party, and some Nacionalista leaders were given 10 Chinese heads each to be recommended for immigration to the Philippines." Need he say it meant lotsa moolah?

From then on, he was known as the "man of exposes".

When he won his first senatorial race to the Congress, he had just resigned as the prosecutor of all leading Japanese collaborators. "I was against all those prominent figures."

He wanted to be independent, notwithstanding his famed exposes. He was responsible, a first in Congress' history, for the ouster of then Senate President Jose Avelino. He exposed Avelino's "surplus property transactions". That time, the people knew what Avelino was in power for.

Tanada could have easily joined the Nacionalistas but he did not. He opted to become only a "guest member" because he, too, supported Ramon Magsaysay's bid for the presidency. Tanada had to be "guest" as Magsaysay went Nacionalista.

He broke his ties with The Guy because of the latter's "pronounced pro-Americanism".

Lorenzo stuck it out with the group he launched: "the Citizen's Party. A small aggrupation of avowed "nationalists" (not anti-anything but pro-Filipino, Tanada recalls), it sloganned: Clean and Honest Government. Until he went unabashedly "anti-imperialist".

Ninoy Aquino must have shed a tear in all awe and respect for L.M.T. as, a few years before the assassination, he spoke of a Tanny who is "inflexible". In private retrospect, Aquino had remarked: "(I)t seems he (Tanada) has been nursing all his faculties, so that when the moment came, he could lavish them on the salvation of freedom and

liberty of his people... tell me, can I find a better mentor and guide?"

He is now back as chairman of cause-oriented Bagong Alyansang Makabayan (BAYAN). He took a leave even before the group opted to boycott the 1986 elections. He supported Cory Aquino, simply, "for the people," he said. During the campaign sorties of Aquino, however, he was only invited to speak twice.

Dusk was gathering around his cozy study at his New Manila residence when he gave the Special Edition an intimate interview. At the end of the talk, he came clear with the message: he is now feasting on the glories of the twilight of his years — aging, maybe, wobbly at his feet — but still a towering figure in politics of diverse colors. The human rights advocate, the politician, the civil libertarian, the nationalist — he's deeply respected by all circles.

"I was once quoted by a reporter to be 'happily in tune with the populist times'. Populist? If it meant the masses are starting to be empowered politically, economically and socially, I do not object to the use of the term. But I never said it. Maybe, it's an improvement of what I'm trying say now."

Despite his hearing aid, he listens well to our questions as we try to grasp the man who went through all the tumult and glory of politics past.

He talks rather slowly, groping for the right words, giving all due emphasis to words that matter, as in oratory, lending an air of drama to political verbiage that comes from deep within an old man's memory. Thus, he shares his insights.

ON THE CONCOM

"I was needed by the CONCOM, the President told me. *Baka magalit ang tao*, she said. *Pero hindi ko alam kung sino ang magagalit kanino.* (Laughter)

"I turned down the offer on the matter of principle. I don't believe in a CONCOM that is charged with the important job of drafting a new Constitution, specially after what we have suffered under Marcos. I thought a commission duly elected by the people is more appropriate. I found it very difficult to turn down her (the President's) request. I am old and sickly, I told her. The President retorted: 'That's the first time I heard that argument.' (laughter) She knows there is more to it. I told her — I hope you understand.

"Time, money, the pressures — these are secondary. Yes, they are important given the expedencies of our times, but they are of secondary importance.

"But you should note that no constitutional convention, even if members are duly elected, is a cure-all for our problems."

ON ACTIVELY HELPING DRAFT THE CONSTITUTION THROUGH BAYAN

"If you can't get what you want, then help. Those people there (at the CONCOM) really want to draft a good constitution. I believe they'd be coming out with a democratic one. But I doubt whether they'd adopt our anti-bases and anti-nuclear provisions."

ON ASSESSING CORY

"It's too early to judge the results of the efforts of the present government. Only a hundred days have elapsed. And considering the complexity and the enormity of the problems that totally wrecked our economy, you cannot expect much.

"But I believe we are on our way to a popularly accepted democracy.

"I do not want to pass judgment at this point. Because I know how difficult are the problems. Billions were stolen from us.

"Yes, the President came up with specific achievements, but those are things . . . But as I said, and I'm asserting it, I cannot judge her properly at this point. I support her. And I was the only one who actually prayed during the EDSA reunion of heroes. There

were about eight of us who were supposed to pray but they delivered speeches. (laughs) And Fr. Reuter, the organizer, shook my hand and said 'Thank you for that.' It was a special prayer and I memorized it. Without any preliminary statement, I said — Let us pray: Queen of the Holy Rosary, refuge of the human race, we lie prostrate before you, confident that we shall receive mercy, assistance and protection. Not through our own inadequate merits, but through the goodness of your maternal care. May the great sufferings and sorrows of our people move you to compassion. Oh Mother of Mercy, obtain this for us from God and procure for us the graces and secure that peace. Queen of Peace, pray for us and give the Philippines the peace we are all hoping for. The peace and justice and charity of Christ. Let us pray specially for our beloved President, Corazon Aquino. That she may come through with the guidance, protection and inspiration of Christ. Spare her from all the danger, evils, temptations.

"Cory said '*Salamat*'. It was the first time I prayed in public. But I felt very happy when, from a distance, I saw Fr. Reuter approaching me. And Justice Teehankee remarked: '*Pare, mahina na ang boses mo, a! Ano?*' I asked. '*Aba eh hindi ka nasigaw kung nagdadalal.*' (laughter)

"I did not shout. Well, I had to pray that. What

with the widespread material and moral destruction. And I am a man who believes in prayer. I was able to reach this stage of my life — the Grand Old Man of the Opposition — without money, without any political party. I attribute my success to prayer and work. These policy recommendations to the CONCOM are all handwritten by me. I did not have any stenographer until the last few days simply because I became very tired."

ON JOMA SISON

"He does not attend our meetings (at BAYAN). To propose for a coalition with the Left is a shameless act after boycotting the elections. Joma is not from our group."

ON CORY AQUINO

"I know Cory. I know her. Because of more than a year the Convenors Group met. I know how she feels. She's very sincere. I am only afraid of some people close to her. (laughter) Period."

ON THE MASSES PARTICIPATION

"The Filipinos, I agree, do not yet have a significant participation in the making of decisions for the country. Eventually, they will be able to."

ON THE TWILIGHT OF HIS POLITICAL YEARS

"I feel that this time, I am more understood, supported and more liked than any time in my life. The people have seen perhaps. How I participated in rallies. In one, I almost fainted after they teargassed us. *(He shows the picture of a dispersed Mendiola rally.)* I was about to faint. They saw it on television.

"When I went to EDSA during the revolution, I could not proceed. They were shaking my hands, kissing me, hugging me. Without bragging, and this is really how I feel, I'm loved now by the people, more than any time in my life."

ON FORM OF GOVERNMENT

"You see, I am for a unicameral system of government because that is nearer to giving the masses participation in the enactment of laws. Not bicameral. Because the Senate, in general, in any country, is composed of the elite. The decisions of the lower chamber are often diluted, if not entirely negated, by the Senate because of such composition.

"And the electoral system should be changed. It does not give much chance for the people to elect as many representatives as they would like to represent them.

"Cory wants a bicameral system.

"A unicameral system, as Cuba has *(laughter)* starts with an electoral district. It will elect the municipal, then the municipal will elect the provincial. But it is the municipal, in the final analysis, that will elect the members of the chambers. That is what I call a grassroots democracy.

"Form, contrary to what other political analysts say, is also important."

ON THE CPP-NPA

"They should realize it's important to work together. Yes, there is still intense militarization in some areas. But it's really a difficult issue, very difficult. Not all the causes they are fighting for is taken care of. We even receive reports in BAYAN that in some areas the military is even worse than before. The problem is we cannot expect them (NPAs) to lay down their arms. I myself, if an NPA, will think many times before I do so. *(laughter)* I have no ready solutions. I don't know. It's very difficult."

ON THE INDEPENDENCE DAY CELEBRATION

"We can celebrate, why not. During the dictatorship, I refused to celebrate. Instead, I participated in rallies. But now, I think we should celebrate. The situation now is different.

"Unfortunately, I cannot participate in any activity. Because my doctor said, only last February, that my heart has weakened. I should stop my outdoor activities.

"I have no regrets in my entire political life. I am very happy. Yes. Because I worked and did what I had to do. Without expecting anything personal for me. To have participated in the liberation of the people under such a regime as Marcos gave us, is enough satisfaction."

His two-year-old walking cane, necessitated by a first heart attack, was not used that night of political intimations. He has found out lately that his left leg is no longer as weak as it was. He stood straight by the kitchen door to hand over a tape recorder that we had forgotten. "I just want to make sure I handed this to the right person," he said, caneless at 68. "Careless, huh? Careful."

Almost every afternoon since April, the Man finds himself at the University of the Philippines library to take notes on constitutions. To date, he has studied at least 17 foreign constitutions.

He mainly does the dirty work for the cause-oriented Bagong Alyansang Makabayan (BAYAN). They expect to hand over their policy recommendations to the Constitutional Commission next month.

At present, they are working on policy recommendations in behalf of workers.

On a forlorn old notebook is where he notes down his studies, all handwritten by himself. Last Monday, June 9, he handed the last of his drafts to BAYAN's Lean Alejandro. Said he: "*Tama na ito, Marami na, eh.*"

He is excited and engrossed about it all. He cherishes every word he jots down; he reads his notes with all the intensity he can muster.

"You see, we are trying as a body to give well-being to the poor, at least to the poorest of the poor."

The following are some of his recommendations.

R.P.

U.S. BASES

Foreign military bases on Philippine territory must be removed and no foreign military bases shall hereafter

be allowed. (Declaration of Unity, p. 4, par 3.6 signed by President Aquino, J.W. Diokno, T. Guingona, Steve Salonga for his father, J. Ongpin, L.M. Tanada and others).

FARMERS

The State encourages, guides and assists self-employed farmers (handicraft workers and other self-employed workers) to advance towards the road of collective production, cooperatives and other forms of mutual aid collectives on the principle of voluntariness. (Vietnam)

ASYLUM

The Philippines shall grant the right of asylum to citizens of foreign countries who are persecuted because of their struggle in defense of basic human rights and the liberation of their country.

The extradition of aliens prosecuted for their action as freedom fighters shall be prohibited. It will only be granted in compliance with a treaty or the law in keeping with the principle of reciprocity. (Greece, Cuba, Spain, Czechoslovakia and Guatemala)

"This provision will show that we respect and highly regard human rights for all. There has never been a provision for this in our past constitutions."

WOMEN

"Once, Sr. Mary John Mananzan approached me and asked — Can we make a provision stating that women are equal to men in rights and responsibilities? I said there's no need! Because under our constitution you are protected when they speak of 'No person shall be deprived of life, liberty and property. . . ' You are included in the word 'person'. But we are still going to submit a proposal which we found in the constitution of Vietnam which is very beautiful."

Women and men enjoy equal rights — in economic, political, cultural, social and family life. (Vietnam, Bulgaria and Cuba)

"There's no such provision yet in our constitution. Considering that the president of the Constitutional Commission is a woman, and the President of the country is a woman, I think we should memorialize these events by the adoption of this provision."

POVERTY

"There are many policy recommendations. But most of the provisions I am recommending are intended to protect and help the poorest of the poor. For example:

"Citizens have the right have the right to material assistance from the State and society when they are old, ill or disabled."

The State develops the social insurance, social relief and medical and health services that are required to enable citizens to enjoy this right. (China, Cuba, USSR and Portugal)

"This does not only provide for the rights of these people but specifies how to ensure their rights. You know, I am 87 and 10 months old. And I have seen life. One of the saddest things to see in what you call squatters' area is an old man sitting down in front of his nipa shack — hungry and uncared for. *Nakakaawa naman*. Nobody pays attention to him. *Matanda na, e*. The same with a deaf, lame, blind. These are people we must help."

MOTHERS

Mothers shall enjoy especial protection and care from the State during pregnancy and maternity including paid leave-of-absence before and after child-birth, free obstetric and medical care and (in) maternity homes. (Cuba/ Mexico)

"We owe so much to our mothers. Imagine the conditions of a *buntis* in a squatter area. It's awful. She delivers in her house — dilapidated, water hardly available and all that. And we owe everything to our mothers. Why Lord Jesus Christ? At least the constitution should reflect the concern."

INFANTS

Infants are entitled to protection and care of society and the State, with a view to their integral development. Infants, particularly orphans, and abandoned children are entitled to the special protection of society and the State against all forms of discriminations and oppression and against abuse of authority in the family and in other institutions. (Portugal)

"This is something we neglect. Specially the poor. Sometimes, the father marries a second wife — and she is an uneducated, unreasonable woman who oppresses the children of her husband. 'These are not mine,' she'll say.

"And to think that the authors of this provision are Europeans!

"When I read this to BAYAN, a member submitted something to the body: *ON THE CASE OF THE UNBORN AND THE CHILDREN: The unborn/ children shall enjoy protection and care of the State from the period of conception.*" Very nice, Really."

4 August 1986

PHILIPPINES

PCGG SEQUESTERS COCONUT PRODUCERS FEDERATION ASSETS

Daza Assigns Oil

HK150333 Manila THE NEW PHILIPPINES DAILY EXPRESS in English 12 Jul 86 pp 1, 7

[Article by Rodolfo V. Brul]

[Text] The Presidential Commission on Good Government [PCGG] finally sequestered yesterday the assets, properties and investments of the Philippine Coconut Producers Federation, Inc. (Cocofed) barely two weeks after the commission had taken over the United Coconut Planters Bank [UCPB]. The PCGG had earlier frozen the federation's bank accounts.

PCGG Commissioner Raul Daza issued the writ of sequestration to prevent, he said, the remaining balance of Cocofed's P8.4 billion funds from being dissipated, transferred or concealed.

Maria Clara L. Lobregat, Cocofed president, was not around when the sequestration order was served on Cocofed at 2 p.m. yesterday. The sequestration move, however, was carried out smoothly and without resistance from Cocofed personnel, Daza quoted the sequestering party as saying.

Daza assigned an officer-in-charge [OIC] in the federation instead of designating a fiscal agent "because of the exigencies of the situation and national interest consideration." Lawyer Amancio Ballicud, a senior PCGG legal staffer, was named Cocofed OIC.

Daza said about 15 million Filipinos directly or indirectly depend on the coconut industry. He said a sizeable portion of the P9.6 billion coconut levy fund had been allocated for the Cocofed.

Of the P9,695,439,749.67 coconut levy fund that has been collected from the 1.4 million coconut farmers from 1973 to 1982, Cocofed has taken the lion's share of fund allocation representing 88 percent or P8.4 billion, Daza said.

"We always maintained the position that the coconut levy is tax money, and therefore, this money is a public fund that must be protected at all cost," he said.

"Lobregat and her allies carefully and sophisticatedly manipulated the Cocofed and through it, the municipal and provincial chapters all over the country were used to insure that they perpetuate themselves in the Cocofed Board from 1969 until the present," Daza said.

This was done, he said, "by converting Cocofed as part of the KBL machinery which helped deposed President Marcos in power."

Federation Denounces PCGG Action

HK150335 Manila MANILA BULLETIN in English 13 Jul 86 p 8

[Text] The Philippine Coconut Producers Federation (Cocofed) denounced yesterday the Presidential Commission on Good Government (PCGG) for its allegedly arbitrary issuance of the writ of sequestration on Cocofed.

"It's high-handedness and abuse of authority and power are beyond the ambit of the executive order creating the commission," lamented the Cocofed officials.

Lawyer Manuel Laserna Jr., a coconut farmer from Bobon, Northern Samar, and Cocofed manager for Visayas, led farmers in condemning the PCGG's sequestration of Cocofed saying that the PCGG ignored the fundamental right to due process as provided for in the Bill of Rights.

Laserna, who served also as a PDP-LABAN [Philippine Democratic Party-Lakas ng Bayan] lawyer under Justice Minister Neptali Gonzales in the 1984 Batasan elections, pointed out that the commissioners of PCGG could not even agree among themselves on the basis of Cocofed's sequestration.

He said that the grounds for the sequestration were all biased allegations that Cocofed funded the loyalist, was a KBL front, and that the coconut levies are public funds.

"By sequestering Cocofed, the PCGG hopes to muzzle and finally silence the more than 1.4 million coconut farmers who are protesting and denouncing PCGG's sequestration of their shares in UCPB [United Coconut Planters Bank], the CIIF oil mills, farmer-owned trading companies, and an insurance company," Laserna said.

"But what the PCGG does not realize is that with the series of arbitrary, abusive and oppressive actions of PCGG, the leaders and members of Cocofed are now more united and firm in their struggle to regain the loss of their basic human rights stripped by the commission," he said.

Laserna assured that even under "this grossly unjust situation," Cocofed will not renege in its obligations to protect the rights and interests of its members.

Domingo Espina, a small coconut farmer from Libagon, Southern Leyte, who is a member of the Cocofed National Board, said, "just because the majority of the members of Cocofed are small coconut farmers, does the PCGG think we are stupid enough not to see through their moves?"

"The PCGG has continuously preached this deception through various television interviews and press statements," Espina said.

PHILIPPINES

GOOD GOVERNMENT COMMISSION PROBES 'CRONY' LOANS

HK150401 Quezon City BUSINESS DAY in English 14 Jul 86 p 20

[Article by Ramon R. Isberto]

[Text] One of the more tangled problems on ill-gotten wealth involves hundreds of millions of pesos lent by several major commercial banks to relatives and "cronies" of ex-president Ferdinand E. Marcos. Some of these loans are now falling due and the banks want to foreclose the collaterals pledged to them.

The Presidential Commission on Good Government (PCGG), however, has put such moves in hold for the meantime. The assets pledged against the loans are considered ill-gotten wealth by PCGG and are therefore subject to sequestration.

PCGG is wary of disposing these assets in favor of the concerned banks because it wants to first find out whether the loans were extended to the borrowers on an arm's length basis or they were actually "sweetheart" contracts.

The five-man probe body has been talking with the Bankers' Association of the Philippines to quietly find a solution to the problem. It has been tight-lipped about how much money is involved and which banks are caught in this fix.

An informed source said the aggregate total easily runs to several hundreds of millions, and several major banks are involved. This situation arose out of one of the many "innovative" financial practices of so-called cronies; they first acquired assets--such as substantial shares of stocks in a major corporation--and then they turned around and borrowed large sums against these assets.

According to initial investigations by PCGG, this modus operandi seems to be a favorite of ex-president Marcos' brother-in-law, Benjamin Romualdez. One of the better known cases involves the 60 percent share in Benguet Corp. owned by two holding companies which in turn are alleged to be owned by Romualdez.

Already sequestered by PCGG, these shares were pledged against loans from three financial institutions that include the Philippine Commercial International Bank and the Equitable Banking Corp. These banks have asked PCGG to allow them to foreclose and then sell off the shares. They would then deduct part of the proceeds to settle the outstanding obligations and then turn over the balance to PCGG.

The commission has, however, refused to go along. PCGG officials say they want to take a "good look" at the loans to determine if the banks have a valid claim.

The situation is more complicated in other cases. One such instance, BUSINESS DAY sources say, involves another Romualdez-linked corporation, First Philippine Holdings. First Holdings owns 25 percent of [word indistinct] Shell Corp. Sources said the company's acquisition of these shares were "fully financed."

It now appears that this block of shares was later subdivided and then pledged against several new loans even though these were not yet fully paid. What happened to those new loans is not yet clear. The loans are now falling due and several banks are now piling on top of each other to stake a claim on these shares.

The catch is that PCGG is also claiming these assets as ill-gotten wealth that should go to the government. If that happens, then the banks will be stuck with bad loans and no collateral to call in.

Sources said the banks involved argue that these loans were granted legitimately and that the government should therefore recognize their claims.

PCGG officials are, however, questioning why the banks apparently failed to find out that the assets offered to them as collateral had already been previously pledged against other loans.

While the question remains hanging, the affected banks have to carry in their books large sums of non-performing loans. One financial analyst aware of the problem said the situation is "manageable." He admitted that the solution has to be eventually worked out.

In any case, the resolution of some of these loans may have to await legal action by PCGG against the alleged ill-gotten assets. PCGG for its part will have to balance the claims of government and the stability of these banks.

At this point though, the commission does not seem inclined to let some bankers go scot-free for making what appears to be, at the least, unfortunate loan decisions.

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CSO: 4200/1230

PHILIPPINES

FINANCE MINISTER'S BENGUET STOCK TRADING HIT

Manila MR.&MS. (Special Edition) in English 13-19 Jun 86 p 21

[Text]

As soon as Jimmy Ongpin was appointed Minister of Finance, he felt called upon to resign from the Benguet Corporation and sell his shares there. This is to avoid any conflict of interest between his new Cabinet job and his personal interests. Well and good, on March 4, 1986, Jimmy sold his Benguet Corporation "A" shares at the stockmarket through his stockbroker brother Luis Ongpin of Wolff & Company.

Ongpin continues to be God's anointed because he was able to sell his shares at spectacular prices, at P42 to P42.50 per share, at the time that the last recorded transaction on Jan. 15 was P18 per share. On March 3, there was allegedly a fast transaction, prepared by Wolff & Co., involving an offer to sell at P26 followed by a buyer's acceptance minutes before the Exchange closed. This is of course a *lutong Macao* transaction to force

the price up artificially by seller/buyer collusion without undue market intervention. Apparently even P26 is not high enough, because the next day, Jimmy's stocks were sold at P42 per share.

Now, who is the sucker who will buy such shares at more than twice its market value? Surprise, surprise, the shares were purchased by Benguet Management Corporation, a wholly owned subsidiary of Benguet Corporation of which Jimmy Ongpin was the president. Wowie! Just like the Neptunia/Sorlano deal which was branded as unfair, immoral and anomalous.

As Neptunia is the subsidiary of San Miguel Corporation, so Benguet Management is the subsidiary of Benguet Corporation. As Neptunia bought the Danding/farmer's shares of San Miguel, so did Benguet Management buy Jimmy Ongpin's shares in Benguet Corporation. As Neptunia paid P100 per

share which is more than twice the market price of P28 per share, so did Benguet Management pay P42 per share which is more than twice the market price of P18 per share. As Danding/farmers benefited massively at the expense of the San Miguel stockholders who owned Neptunia, so did Jimmy Ongpin benefited enormously at the expense of the stockholders of Benguet Corporation who owned Benguet Management.

Why was Jimmy paid so much for his shares, making him an instant multi-millionaire, with a net worth of more than P40 million? Who awarded him this prize? Was it Kokoy Romualdez who controlled 60% of the Benguet Corporation? Was it Herbert Allen, who controlled 40% of the

Benguet Corporation with the help of the American Mafia, and whose protege Jimmy Ongpin is? Or was it the PCGG who was supposed to sequester the shares controlled by Kokoy, and who suddenly surrendered control to the Benguet Management under Jimmy's boy, Delfin Lazaro? Or was it the 30,000 minority stockholders whose interest Jimmy claimed to protect from Kokoy (ha ha), and who were extremely prejudiced by the purchase of the Ongpin shares at highly inflated prices??!!

And why should Jimmy Ongpin be so rewarded? So that in his capacity as Minister of Finance, he can protect the interest of Kokoy? Of Herb Allen and the American Mafia? of the American carpetbaggers and the IMF?

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PHILIPPINES

GOVERNMENT TO USE LOCAL SOURCES TO COUNTER DEFICIT

HK150559 Manila MANILA BULLETIN in English 14 Jul 86 p 17

[Article by Juantio Concepcion]

[Text] The national government will raise from domestic sources the bulk of the funds that will be used to finance the projected P27 billion budget deficit this year, contrary to earlier government pronouncements.

A high-ranking government official disclosed over the weekend that the government, under the revised 1986 budget, will raise on a net basis P25.2 billion from various local sources and only P1.7 billion, also on a net basis, from foreign borrowings.

His statement runs counter to earlier pronouncements by various officials that the ceiling on government borrowings from domestic sources will only be P10 billion so that the government does not crowd out the local businessmen from the domestic credit market and prevent lending rates from shooting up.

Budget Minister Alberto Romulo, in an interview last Friday night, confirmed the government's plan to raise over P25 billion from domestic sources to finance the bulk of the fiscal deficit in 1986.

He declined to specify the reason for this move and pointed out that local banks, which are awash with loanable funds, and other local fund sources can well afford to lend to the government without causing a tightness in supply of credit that can drive up lending rates.

Gross domestic borrowings will amount to P29.205 billion but the net borrowings will amount to P25.2 billion since the government will disburse about P4 billion in as payments to maturing securities and other instruments, the official said.

The official, who requested anonymity, said the main sources of funds for the national government consist of the following: short-term treasury bills where the government will raise P18.2 billion; P7.2 billion in borrowings from the Central Bank; P3.5 billion in medium-term treasury notes from the Social Security System; and, P305 million in treasury notes to be sold to other institutions.

Gross foreign borrowings will actually amount to P8.5 billion. Taking into account the amortizations on foreign obligations, the net foreign borrowings, to be used to finance the deficit, would only be P1.7 billion, the official said.

The official added that the government was optimistic it can raise the needed foreign borrowings to finance a portion of the deficit. Earlier the government had projected that about \$1 billion of P20 billion in official development assistance would finance bulk of the fiscal shortfall.

The government earlier obtained from the Economic Support Fund of the United States a total of P4.1 billion.

Commitments of official development assistance amounting to some \$700 million were also obtained by the government earlier.

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CSO: 4200/1230

4 August 1986

PHILIPPINES

MINISTER SAYS PUBLIC 'VERY MUCH AGAINST' BATAAN PLANT

HK150403 Manila THE MANILA EVENING POST in English 12 Jul 86 pp 1, 3

[Article by Veronica G. Andrada]

[Excerpt] Since Minister Antonio Arizabal, National Science and Technological Authority (NSTA) director-general, also recently said the weight of public opinion is still very much against the operation of the Bataan nuclear plant because of its great danger to national security.

Arizabal said "the public safety aspect is a very serious consideration in the operations of the plant which will be looked into carefully by members of the Bataan nuclear committee headed by presidential spokesman Rene Saguisag." He said the committee is still determining the losses the country will incur following the scrapping of the nuclear project.

He said the economic aspect is being considered by the committee which is trying to find alternative uses for the plant facilities.

Arizabal denied rumors that the nuclear plant was built in Bataan to support the military strategies of the Olongapo-based American forces against Soviet expansion in Asia, saying that there is no way the plant can be of big help to the U.S. forces' operations.

He added that Bataan was chosen as the site, primarily because of its access to a big body of water (South China Sea) which the nuclear plant needs during its cooling process.

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CSO: 4200/1230

PHILIPPINES

AGRICULTURE MINISTER SAYS CENTRAL BANK ANTIFARMER

HK150421 Quezon City BUSINESS DAY in English 14 Jul 86 p 2

[Text] The Ministry of Agriculture and Food (MAF), even under the Aquino Government, is running into the same problem it encountered under the Marcos administration: Central Bank's [CB] seeming apathy and bias against the farming sector, Agriculture Minister Ramon Mitra Jr. said.

Mitra, over the weekend, told newsmen that meetings with CB and Monetary Board officials have deteriorated into an "acrimonious" battle of sorts: on the one hand is the CB barring any hopes for infusion of funds to the farming sector and, on the other, the MAF desperately arguing the farmers' cause.

"They drown our arguments with high falluting financial terms," Mitra said, adding that the monetary officials project a hopeless picture of an "inflated" deficit situation to dampen any argument for additional funds to farms.

"We need to excise from the ranks these same monetary officials who were part of the old order that conspired against the farmers," he said. While he did not mention names, Mitra was apparently referring to CB Governor Jose Fernandez Jr.

Mitra said his last meeting with the Monetary Board resulted in a near helpless situation for the agriculture sector. Despite a continuing downward trend in corn prices, the ministry can not come to the aid of farmers because funds for the National Food Authority's (NFA) procurement operations have been severely depleted.

He said he was batting for an P860-million yearly budget for the NFA to enable it to influence grain prices upward. The idea, he said, is to purchase at least 10 percent of total production.

He also said he requested the CB to write off the NFA's previous past accounts totaling P6.7 billion accumulated in the course of its rice and wheat imports, among others, "to allow the agency to start anew. We must judge (the NFA) on the basis of its operations now," he said.

Mitra said it is unthinkable that the government could come to the rescue of Marinduque Mining Corp., for which billions of pesos were spent, and then leave the millions of farmers out in the cold.

He said the government is going to test other schemes for procurement. On the other hand, he hinted that previous plans to lower the support prices for rice or corn may not have to be carried out despite inadequate funds.

"We might begin buying from everybody now, including traders," Mitra said. He said buying from farmers alone through the old passbook system may not be very effective. If we have more funds, we can start buying from traders also, he said. He explained that if traders were assured of adequate selling prices, they would have no excuse for underpricing "as farmers can easily sell directly to us," he said.

He added that of the P860-million budget requested for NFA's procurement operations, about P500 million is for direct purchases, while P300 million will represent trading losses or the government subsidy. "If you do not subsidize, it means you (are making money and so) are not helping farmers," he said.

Historically, the NFA buys about 6 percent of grains stocks. But Mitra said about 50 percent of production is consumed by farmers and their families, which means that the 6 percent procurement total means only 3 percent of the total commercial stocks.

The previous government also ran into the perennial problem of insufficient procurement funds. To effect a 10 percent purchase of grains stocks, the government would need about P2.6 billion.

"If you do not have the money at the time you need it, farmers will fall victim to the Chinese buying cartel," Mitra said.

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4 August 1986

PHILIPPINES

BANKERS, OTHERS LINING UP AGAINST CB GOVERNOR

Manila MR&MS. (Special Edition) in English 13-19 Jun 86 pp 21, 22

[Excerpts]

Espiritu Cries Foul at Jobo, Jimmy

MetroBank President Edgardo Espiritu is crying over his cup of coffee at what he terms foul play, a stab in the back by Minister Jimmy Ongpin and CB Governor Jobo Fernandez, when he found out that they sabotaged his bid for a seat in the Monetary Board. Jimmy and Jobo blocked the appointment right in Malacanang itself by telling President Aquino that Ed Espiritu would be better placed in the Land Bank of the Philippines instead.

President Cory inducted someone else into the position, Jesus "Chito" Ayala, formerly of Commercial Bank and lately a Mindanao farmer at the behest of Agriculture Minister Ramon Mitra, who wanted someone in the Monetary Board conversant with farming.

Poor Jobo. A cabinet member revealed that in cabinet meetings, nobody wants to talk to Jobo. For one thing his Harvard accent is absolutely un-understandable to the common Filipino. Jobo has already eight cases before the Tanodbayan (by the Anti-Graft League, PAIC Bank, Banco Filipino, Pacific Bank). Next week, a rural banker from the south will file another case against Jobo.

This week, the employees of Philippine Veterans Bank and bank labor union labor leaders went on a hunger strike at Freedom Park, with a demand for Cory to fire Jobo. Asked to comment on this, he said: "I regret the occurrence but I won't resign."

The Freedom Park mass action will be followed by a citywide picket of Far East Bank branches by cause-oriented groups led by ATOM (Butch Aquino's boys?) and the F... (Olalia's boys). The cause-oriented groups have already one million signatures (as of Tuesday, May 27) seeking to "de-JOBOnize and de-ONGPINize" the Philippine economy.

The principal complaints against Jobo are that (1) he acted as hatchetman for Marcos in the cartelization of the banking system; (2) he never satisfactorily explained how he got rid of his Far East Bank shares which was transferred to a qualifying-share holder; (3) he never explained the overprinting of currency for election purposes; and (4) the Far East Bank had the best deal from the closures of commercial, thrift, and rural banks. These are the complaints of his detractors, not mine.

WHO WILL TAKE JOBO'S PLACE?

The banking community has never been divided like this before. One group is pro-Jobo loyalists headed by Willie Tecson, president of Solid Bank; Chester Babst of RCBC; Spic Loinaz of BPI; Tony Ozaeta, formerly of PCIB; P.L. Lim, and Carlos Palanca — battle-scarred veterans of Cork & Cleaver, and now habitués of Ritz, Twin Towers and Manila Gardens. These are tagged by their opponents as "IMF/WB stooges".

The anti-Jobo guerrillas are headed by Macario Laurel of Philbanking; Tomas Aguirre of the Banco Filipino; Sonny Abello of PAIC; Ed Espiritu of Metro Bank; Teng Puyat of Manila Bank; Manolo Morales of Equitable Bank; Tony Gatmaitan, 20 thrift bankers and 258 rural bankers — who are called by the loyalists the "has-beens and never-beens" because

they only scrounge for nickels and dimes.

The guerrillas claim that Jobo has discriminated against small Filipino banks, promoted the cartelization of the banking system under the Unibank concept which they claim is illegal in the United States under the Sherman anti-trust Act. They claim that some of them were asked to endorse in blank 51% of their voting stocks to the powers-that-be during the Marcos Administration; and that because they wanted to contribute to Cory's campaign funds, they were left with no funds and liquidity problems by Central Bank.

The anti-Jobo guerrillas have been besieging Cory with open letters, demonstrations, and delegations to Malacanang demanding the ouster of Jobo.

In retaliation, the pro-Jobo loyalists have been getting endorsements from various business groups in support of Jobo. The guerrillas are indignantly

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CSO: 4200/1220

PHILIPPINES

NEDA'S MONSOD DUTIES, POLICY, VIEWS PROFILED

Kuala Lumpur BUSINESS TIMES in English 26 Jun 86 p 19

[Article by Paulynn Sicam]

[Text]

MS SOLITA "Winnie" Monsod, the new director-general of the National Economic Development Authority (Neda), has declared war on the Philippines' US\$26 billion (M\$68.6 billion) foreign debt. And in waging this war, she has vowed to be creative.

"I'll be damned if I'm constrained by conventional thinking," she says, talking straight and tough as usual. People who know Ms Monsod are not surprised that this feisty lady is tackling the country's economic planning like a General Patton stubbornly keeping his ground and barking orders to the troops.

Her students at the University of the Philippines where she taught in the School of Economics for 15 years, and her acquaintances in the "Parliament of the Streets" where she marched and raised hell against the regime of deposed president Ferdinand Marcos, know Ms Monsod to be hyperactive and bright, strong-willed and very definite about her opinions.

Today, they smile when they read of good old Winnie taking on the central bank governor, the finance minister, the International Monetary Fund and the World Bank on the issue of what to do with what she calls "immoral loans" incurred by the past regime.

With the kind of debt burden the country is under, Ms Monsod, who was a *cum laude* at the University of the Philippines in 1959 and holds a doctorate in economics from the University of Pennsylvania (1964), says the Philippines will never achieve stability. One of the many options she has put forth is the controversial selective debt repudiation that has sent bankers of all stripes reaching for their tranquillizers.

Moral courage

"The debt burden is too heavy to allow for reasonable recovery," she explains. "We must therefore lower that to a reasonable burden."

She outlines the steps that need to be taken: transform short-term loans to long-term loans and conduct an item-by-item review of the debt component to show clear negligence.

"Where is the fault? If we can prove that the fault is not only in us, if there is incontrovertible evidence of malfeasance, then the lending banks should bear some of the burden of culpability. We will honour our legitimate obligations but lenders must prove legitimacy."

Her prescription, Ms Monsod maintains, is "not radical, just fair -- and just."

Riding on what she calls Philippine President Corason

Aquino's biggest asset -- "the moral courage to say, 'You're wrong,'" -- she lashed out at the conservative elements of local and international business who would rather stick by long-standing rules and traditions of the financial world.

"I'm sick and tired of thinking of things that should be done because 'it's just not done' or 'it's impossible,'" she fumed in an interview with *New Day* magazine last April. "Cory (Mrs Aquino) showed that what was not possible actually was possible."

Besides, she argues, the country's position *vis-a-vis* the world has now changed. "Let us explore all the options. The previous Government had no options. We are acting as if we had none again."

As Neda director-general, Ms Monsod says that her work is "strictly recommendatory," that Neda itself has "no teeth" to implement the programmes that it puts together. It is clear, however, that Ms Monsod has what matters most these days -- the president's ear.

During the campaign for the "snap" elections that catapulted Mrs Aquino to the presidency, Ms Monsod was one of Cory's preferred advisers on economic affairs. Having been a co-author of a series of white papers on what was wrong with the Philippine economy under the Marcos regime, she soon became

must-reading for every critic of the Government. When she was appointed economic planning minister, it came as no surprise to anyone.

Neda's job, she says, is to integrate the development plans of the different ministries into an overall development plan for the country. However, with the realisation that the structure has to be changed, Ms Monsod put her former colleagues at the University of the Philippines School of Economics to conduct structural reform studies.

Structural adjustments have to be made on debt management, trade fiscal policy, monetary policy, government organisation, industry, agriculture and labour, she says.

As the main recommender of economic policy, Ms Monsod has set down seven bottom-line criteria for every policy recommendation: "Does it infringe on any human rights? Does it place the burden of recovery on the poor? Does it reward rent-seeking? Is it consistent with other measures? Does it mortgage long-run growth? Are there substitute measures that can be used? Is it compatible with the realities of Philippine society?"

Scream more

Is she being radical?

No, Ms Monsod says. She merely cautions it being rational.

Also rational, she thinks, are her ideas regarding government intervention in business ("Get government out of business, it should come in only when it can do better"); foreign investments ("Foreign investors and multinational corporations should be treated in the same manner as every other investor"); and loans ("Investments from anywhere else are preferable to loans").

What makes her job a little bit easier, she says, is the preliminary work already done by the University of the Philippines School of Economics, particularly the programme for economic recovery and sustainable growth prepared in October 1985.

But what makes it difficult is "having to change the mindset of people in the Government and the entire economy." After 20 years of Mr Marcos, Ms Monsod complains, the business sector is "still waiting for the Government to tell them what to do." Despite elaborate shows

mounted by the Marcos Government, emphasising dialogue with the different sectors of society, the concept of consultation, she laments, is simple not there.

At Neda, Ms Monsod is faced with the task of making the staff she inherited go through the exercise of real planning. "Neda wasn't planning," she told New Day. "It was accepting plans and putting them together."

And to make a difficult job even more difficult, she has decided to make economic planning a truly consultative exercise. Academics, government people and representatives of the private sector are asked to form informal groups and come up with their recommendations. This, she says, will make it very difficult for the people involved to take potshots at the Government's economic policies.

How does hard-headed Winnie take the fact that, as she herself put it, she has "no actual clout" in the Government? What if nobody listens?

Her eyes widen at this point as she answers, "I'm just going to scream more." — Depthnews Women's

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PHILIPPINES

COFFEE INDUSTRY FEARS LOSSES IN 'SOFT' MARKET

Quezon City ANG PAHAYAGANG MALAYA in English 31 May 86 p 7

[Text]

Coffee traders and exporters may lose hundreds of millions of pesos in the coming months if the world market continues to be soft.

Sources said that about 90 per cent of the remaining coffee supply is already in the hands of traders and exporters who amassed huge inventories in anticipation of higher export prices that they thought would be brought about by the suspension of the quota agreement effective Feb. 18 this year.

Prices, however, continued to decline since then. Before the suspension, prices of Philippine coffee briefly touched \$4,000 per ton.

Exporters started selling in heavy volumes and replenished inventories in anticipation of even higher prices. A big trader from Cavite said he is caught with inventories bought from the farmers at P50-55 per kilo. The current indication in the export market at present is around \$2,400 per ton or around P48 per kilo.

Analysts said that roasters and traders abroad overbought stocks on fears of a prolonged shortages brought about by the drought that hit Brazil and Colombia. It now appears that the production decline was overstated.

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CSO: 4200/1220

PHILIPPINES

TWELVE NEW INVESTORS COMMIT TO EXPORT ZONES

HK150621 Manila THE NEW HERALD in English 14 Jul 86 p 8

[Text] Twelve new foreign companies have committed to invest in the country's export processing zones and 47 more foreign entities have made serious inquiries and proposals regarding investment opportunities, according to newly-appointed Export Processing Authority Zone (EPZA) administrator Jaime L. Guerrero in a meeting with newsmen.

Of these 12 new investors, three have already started operations last month, while two have been given approval for registration and seven are still under evaluation for their formal registration, Guerrero said.

In another manifestation of renewed confidence in the country's investment climate, the new EPZA administrator also disclosed that 10 existing EPZA enterprises have expanded and added to their capital investment in the zones, aside from recent inquiries received regarding the possible use of the Bataan Zone as a transshipment and processing port for distribution of goods and materials to other countries.

EPZA records as of May this year revealed that a total of 53 firms are currently operating in the zones, with 46 of these located in the Bataan, Baguio, Mactan and Cavite regular zones while seven are to be found in the special export processing zones in Isabel, Leyte; Tabangao, Batangas; and Cabangan Point in Subic, Zambales.

For the first five months of this year, the export performance of the regular zones have generated foreign exchange reserves amounting to \$71.947 million, with the special zones contributing some \$77.8 million or a total export production of \$150.5 million for the period. EPZA contributes about 15 percent in export earnings annually, Guerrero said.

A trade balance of \$82.7 million was recorded for the period as export earnings were offset with the total importation of \$67 million worth of raw materials spent by both the regular and special zones.

This year's export earnings for the first five months however, was about \$6 million less than that of the same period last year, which totaled \$156.3 million. Regular zones last year gave the country some \$78 million in export earnings, higher by eight percent than the present figure, while the special zones generated \$50.4 million, lower by 54 percent compared to this year's earnings by the Leyte, Batangas and Zambales zones.

Guerrero, citing these figures, appealed that EPZA be given a chance to do its share in the national economic recovery program and said that he was not aware of the plan to convert the zones to industrial estates proposed by National Economic Development Authority (NEDA) officials.

He said that NEDA's scheme may be based on the poor performance and corrupt image projected by the zones during Marcos' time, to which he acknowledged that even he was among those who opposed EPZA in his activities as a human rights lawyer.

However, he explained that right now, EPZA does not have to seek new foreign markets because the enterprises already in the zones have their ready foreign markets and can continuously generate foreign exchange and employment for zone workers. Thus, he said that EPZA has an edge on new policies which may be undertaken by the government, considering that the present thrust of the Ministry of Trade and Industry is to be able to gain additional footholds in the international market for local products.

"It is not easy to attract foreign buyers," Guerrero said, stressing that it would be economically advisable to retain EPZA rather than converting these to industrial estates.

To prepare the zone community, particularly the zone workers for transfer for technology which was one of the reasons for the establishment of the export processing zones, Guerrero said that one of his plans is to sponsor technical scholarships supported by EPZA enterprises and possible training abroad for those qualified to participate in his program.

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CSO: 4200/1230

PHILIPPINES

'ECONOMIC INDICATOR' COLUMN ON AGRICULTURAL OUTPUT

HK151451 Quezon City BUSINESS DAY in English 15 Jul 86 p 2

["Economic Indicator" column: "Aggie GVA up 2.6 Percent"]

[Text] The gross value added (GVA) of the agriculture, fishery and forestry sector, using constant 1972 prices, amounted to P7,008 million during the first quarter of the year, representing a 2.65 percent increase from last year's P6,827 million, according to preliminary estimates as of May 1986 released by the National Economic and Development Authority (NEDA).

Agricultural crops, which accounted for 62.71 percent of the total, contributed to the overall growth of the combined GVA of agriculture, fishery and forestry. The GVA of agricultural crops grew 3.70 percent from P4,238 million during the first quarter of 1985 to P4,395 million. This made up for the reduction in sugar cane production which fell 9.98 percent from P501 million last year to P451 million. This could be attributed to the weak prices and over-supply of the produce in the world market.

The fishery and forestry groups likewise recorded negative growths of 2.05 percent (from P1,220 million to P1,195 million) and 12.57 percent (from P175 million to P153 million), respectively.

The GVA measures the contribution of a particular sector to the country's gross national product (GNP). It is computed by subtracting the cost of production inputs from the gross output of a particular industry. The GVA at constant prices is measured in real terms and computed based on prices during the base year (1972).

Gross Value Added in Agriculture, Fishery and Forestry by Industry Group
1st quarter 1984 to 1st quarter 1986
(amount in million pesos) at constant prices

Industry/Industry Group	1984			
	1st qtr.	2nd qtr.	3rd qtr.	4th qtr.
1. agricultural crops	4,051	3,976	2,341	5,196
palay	798	992	410	2,001
corn	284	151	496	539
coconut including copra	213	288	273	178
sugarcane	600	426	120	186
banana	180	244	234	250
other crops	1,976	1,875	808	2,042
2. livestock	485	513	530	631
3. poultry	674	650	642	623
4. fishery	1,219	1,443	923	744
5. forestry	201	262	230	72
gross value added in agriculture, fishery & forestry	6,630	6,814	4,666	7,269

Industry/Industry Group	1985				1986
	1st qtr.	2nd qtr.	3rd qtr.	4th qtr.	1st qtr.
1. agricultural crops	4,238	4,094	2,438	5,422	4,395
palay	948	1,181	437	2,099	1,024
corn	321	232	536	609	362
coconut including copra	238	324	383	270	286
sugarcane	501	262	7	32	451
banana	176	226	249	270	183
other crops	2,054	1,869	826	2,142	2,089
2. livestock	499	492	513	610	520
3. poultry	695	637	530	614	745
4. fishery	1,220	1,458	984	760	1,195
5. forestry	175	225	201	105	153
gross value added in agriculture, fishery & forestry	6,827	6,906	4,766	7,511	7,008

Source: National Economic and Development Authority

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PHILIPPINES

BRIEFS

NPA ATROCITIES—Six farmers were tortured and killed by armed men believed to be communist rebels in a raid conducted in a remote area in Butuan. Colonel Ruben Cabagnog said the six were tied to posts, tortured, and then gunned down in the said town yesterday. Cabagnog added that the rebels, believed to be NPA members, also looted the town before leaving. Meanwhile, in South Cotobato, government troops killed 17 NPA members who demanded food and assistance from residents of Cabalagbagan town last Friday. [Text] [Manila Far East Broadcasting Company in Tagalog 0400 GMT 11 Jul 86 HK] /9274

RIGHT TO REVOLT URGED—Opposition members of the Constitutional Commission submitted a resolution which gives people the right to revolt against a repressive regime. The resolution was based on the successful uprising against the previous regime last February and is presented by Blas Ople, Ragalado Maambong, Teodulo Natividad, and Rustico de Los Reyes Jr. The resolution provides that if all peaceful means have been exhausted, the people may resort to force to express their sacred rights to resist oppression and restore democracy. Meanwhile Con-Com President Cecilia Munoz Palma convened all commissioners to ensure that work would be completed as scheduled on 15 August. The members agreed to terminate all deliberations and presentations of all resolutions before the said deadline. In this connection, the Con-Com decided to hold full-day sessions beginning 14 July. [Text] [Quezon City Radyo ng Bayan in Tagalog 0400 GMT 10 Jul 86 HK] /9274

CEBU BUSINESSMEN SAID FINANCING COMMUNISTS—Most of the businessmen in Cebu City provide financial support to the communist movement. This was revealed by Colonel Edgardo Abelina, Philippine Constabulary Regional Command-7 chief. Speaking to newsmen, Abelina said intelligence reports show that several volunteers offer financial support to the rebels and even threaten and blackmail other businessmen to do so. Abelina said the constabulary is currently collecting evidence in order to file criminal charges against these people. [Text] [Quezon City Radyo ng Bayan in Tagalog 1000 GMT 10 Jul 86 HK] /9274

11 COMMUNIST REBELS ARRESTED IN CEBU—The constabulary last night arrested 11 members of the communist movement in Metro Cebu following a raid on the house of a businessman in Mandaue City. According to Captain (Manuel Ilisari), commander of the Debu Metrodiscom [Metropolitan District Command], the rebels were members of the sparrow unit, the NPA's liquidation squad, based in

Talisay. Weapons, including those taken from a PC [Philippine Constabulary] sergeant shot last Tuesday, were found in the house. The suspects are now detained at the Cebu Metrodiscom stockade. [Text] [Quezon City Radyo ng Bayan in Tagalog 0700 GMT 11 Jul 86 HK] /9274

RAID ON ISABELA REBEL HIDEOUT--Scout rangers raided a communist rebel hideout in a mountain village in Isabela last Wednesday night. Seven rebels were killed and two others captured. Colonel Herman Figueroa, Isabela PC [Philippine Constabulary] commander, said the guerrillas, who were members of the New People's Army, returned fire when the soldiers attacked. Only two of the seven killed were identified, as Ka [comrade] Judy and Ka Jojo. The two wounded were brought to PC headquarters. No casualty was reported on the government side. [Text] [Quezon City Radyo ng Bayan in Tagalog 0400 GMT 11 Jul 86 HK] /9274

POPE WARNING TO BISHOPS--Pope John Paul has told Filipino Roman Catholic bishops to avoid direct involvement in the country's politics. The pope's comments were contained in a letter to the Philippine bishops dated 28 June and released yesterday [14 July] by the Vatican. The pontiff said he wanted to encourage the Filipino Church at this point of transition marked by serious and complex problems and that he understood their concern over social, economic and political problems. [Text] [Manila Far East Broadcasting Company in English 2300 GMT 14 Jul 86 HK] /9738

CSO: 4200/1230

SINGAPORE

DAILY ASSESSES IMPACT OF LE DUAN DEATH ON SRV

BK121331 Singapore THE STRAITS TIMES in English 12 Jul 86 p 16

[Editorial: "Hanoi's Hour of Change"]

[Text] The recent reshuffle in the Vietnamese Cabinet suggests that Vietnam's old guard, which has been in command for the better part of the last 40 years, may at last be fading away. Age has no doubt been one major consideration. Most of the old guard are in their late 60s and 70s. Of the top three leaders, two--the Prime Minister, Mr Pham Van Dong, and the President, Mr Truong Chinh--are even older and are reported to be in frail health. And the third, the Communist Party General Secretary, Mr Le Duan, died on Thursday at the age of 79.

But it seems likely that advancing age and the loss of vigor that comes with it alone did not prompt the Vietnamese to make leadership changes. There is also the fact that Vietnam's old guard--venerated and experienced as it is--has quite simply failed to deliver the goods. Its dogmatic persistence with hardline socialist policies ever since the end of the Vietnam war has ensured that the Vietnamese economy remains in a perpetual state of shambles.

There has been a severe and perennial shortage of essential goods and raw materials. Foreign currency reserves have all but dried up. And a rate of inflation that touched 700 percent earlier this year has put the squeeze on wage earners and government officials alike. Under such circumstances, popular disillusionment has become difficult to ignore.

The new economic mood in the communist world may also have played a part. Liberalization is the new catchword in China and the Soviet Union, in both of which it has achieved results. It is quite possible that Vietnam does not want to be left behind. Given all this, the fact that there has been some soul-searching in the Vietnamese politburo followed by a Cabinet reshuffle should come as no surprise.

Significantly, it is principally the economic portfolios that have changed hands, and it is the proponents and initiators of economic liberalization who have gained in stature. This could have some positive implications. There may be more market-oriented policies and fewer bureaucratic strictures. Private enterprise may get the lease of life that it so desperately needs. And a more open-minded attitude to trade links with the West may come to be seen as less heretical than in the past.

Given the extent of the damage there is to be undone, such changes will take time to bear fruit. But they would be a step in the right direction. And it is likely that they will be welcomed by the people of Vietnam, particularly those in the south.

But too much should not be read into them, for there are too many things in Vietnam which show few signs of changing. Most notably, Vietnam continues to devote a monstrous 30 percent of its GNP to defense. There has been no public acknowledgement of the fact that its costly military adventures have aggravated its economic problems.

Moreover, Vietnam remains deeply and inextricably dependent on Moscow. And however earnest its hope to implement economic reform may be, it is unlikely to compromise on this relationship in any way. Thus, though such reform merits cautious approval, it would be misguided to suppose that it portends any positive political or foreign policy changes in the foreseeable future.

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CSO: 4200/1223

SINGAPORE

BRIEFS

CANADIAN AVIATION TALKS DEADLOCKED--The second round of talks between Singapore and Canada on Singapore Airlines' [SIA] proposed flights to Canada has broken down. A Civil Aviation Authority of Singapore [CAAS] spokesman told the Singapore Broadcasting Corporation that the Canadians were not prepared to lift their restrictions which will enable SIA to run a viable service to Canada. They objected to SIA's request to fly to Canada by the Atlantic route through Greece, Italy and the Netherlands, and the Pacific route through Hong Kong and Japan. The spokesman said the CAAS would review the outcome of the talks, which they considered unsatisfactory. [Text] [Singapore Domestic Service in English 1100 GMT 11 Jul 86 BK] /9738

GOH CHOK TONG ON INDONESIA--The first deputy prime minister, Mr Goh Chok Tong, has expressed the view that Indonesia expects Singapore to play a part in keeping a common threat out of the region, should such a threat arise. He made the point in a briefing to newsmen who accompanied him on his recent trip to Indonesia. Mr Goh said Indonesia's younger military leaders regarded Singapore as an important member of ASEAN. They would like Singapore to help in the strategic interests and economic development of Indonesia. Mr Goh, who is also the defense minister, said that defense cooperations between both countries have been good and there will be a joint exercise in Medan next week. On economic cooperation, Mr Goh said there is scope for joint ventures in Indonesia. The provinces in Sumatera are quite keen on investment from Singapore. [Text] [Singapore Domestic Service in English 1100 GMT 11 Jul 86 BK] /9738

CONTROL OF MILITARY REEXPORTS--Singapore, 16 Jun (BERNAMA)--The Singapore Trade and Development Board (TDB) has been given more say to ensure that "militarily sensitive" goods imported into Singapore do not slip out of the republic into undesirable hands. The new power was found in the control of imports and exports (import and delivery verification) order 1986, which came into effect last Friday. With this, Singapore tightens control over the final destinations of goods considered "militarily sensitive" by countries of manufacture. Each year, Singapore imports more than S\$1 billion worth of items categorised by importing countries such as the U.S. as "militarily sensitive." The main feature in the new order lies in the word "end-user" when an exporting country, such as the U.S. demands import certification from importing country. Under the new order, the Singapore importer also declares who exactly are the end-users of the goods concerned. They also must inform TDB of any change in the name or address of the end-user. Once the goods are in Singapore, they are not to leave the republic without government approval. "Singapore intends to protect its reputation and integrity in the use of high-tech," said an official. [Text] [Kuala Lumpur BERNAMA in English 0741 GMT 16 Jun 86 BK] /9274

THAILAND

CRMA CLASS 9 TIES TO CHAWALIT DISCUSSED

Bangkok MATICHON SUT SAPDA in Thai 15 Jun 86 p 9

[Unattributed report: "The Path of CRMA Class 9: the Future Looks Bright Following the Appointment of Big Chiu"]

[Excerpt] The members of CRMA [Chulachomklao Royal Military Academy] Class 9 (Preparatory School Class 1) form another group of officers that will be affected by the appointment of Gen Chawalit Yongchaiyut, the former army chief of staff, to the position of RTA CINC in place of Gen Athit Kanlangsek, who will hold only the position of supreme commander. The leader of CRMA Class 9 is Maj Gen Mongkhon Amphonphisit, who is attached to the Office of the Under Secretary, Ministry of Defense.

It is understood that in his capacity as the leader of CRMA Class 9, Maj Gen Mongkhon served as an aide to Gen Prem Tinsulanon, the acting minister of defense. Thus, members of this class definitely lean toward Gen Prem and Gen Chawalit. Because when Maj Gen Mongkhon was moved from his position as aide to Gen Prem and given a new post, he was replaced by Maj Gen Kasem Naphasawat, a fellow classmate. And just a few days after Gen Athit was relieved from his position as RTA CINC, there were many rumors to the effect that Col Sunthon Chaimuanwong, a staff officer on the staff of Gen Chawalit and a member of Class 9, would replace Maj Gen Narutdon Detchapradit (CRMA Class 8) as secretary of the army during the annual military reshuffle in October 1986.

Besides the rumors about Class 9 officers being appointed to important positions in the army in place of officers from other classes who support Gen Athit, there have also been rumors to the effect that the sudden firing of Gen Athit stemmed in part from the transfer of CRMA Class 9 officers who are "Prem" men.

Looking at those CRMA Class 9 officers whose star is now rising, it can be seen that they have never played a major role before, because CRMA Class 8 officers, who supported the previous RTA CINC, have held all these positions. Thus, most members of this class have held staff positions rather than command positions. For example, Maj Gen Mongkhon Amphonphisit, Maj Gen Kasem Naphasawat, Col Sunthon Chaimuanwong, and Col Choenchai Phinitutharaphot serve as military intelligence staff officers. Col Nipon Chaiyaburin serves as a staff officer with the Army Aviation Center. Col Decho Sonthisiri is

attached to the Civil Affairs Center, and Col Thani Seni Wong Na Ayuthaya serves as a staff officer to the 1st Army Area commander. Very few members of this class have held command positions. Examples are Col Chetsatha Thanacharo, the deputy commander of the 2d Division, Col Praphatson Wisutthiphichaiphon, the former commander of 5th Cavalry Regiment, Col Klong Sadun, the commander of the 6th Cavalry Regiment, and Col Paeng Malakun Na Ayuthaya. The other members of this class serve as instructors or are attached to various offices in the army.

"We haven't thought about this very much. It is up to our superiors to make the decisions on appointments. We can't say anything about this. Every soldier must obey his orders. Soldiers can't voice an opinion on this. When you are assigned a position, you can't express dissatisfaction. The orders of your superiors are final," said a member of CRMA Class 9 to MATICHON.

"All we hope is that we will have a chance to work on behalf of the people. As soldiers, our duty is to defend the country and protect what is right. Our class still has strong unity. The reports that there are splits are definitely false. Everyone comes to the class parties," said another member of Class 9 with a smile when he was asked about class relations.

"We discuss matters with each other, because we are all friends. We have lived and worked together ever since we were students. We have served in the military together ever since. Whenever something arises, we discuss it together. Friends have to act like friends. That is a common principle. For soldiers in particular, if there is unity within the class, we are happy," said another Class 9 officer about mutual understanding among class members.

The present again looks very bright for members of CRMA Class 9. The members of this class have been very patient for a long time. This October will probably be a time of great change for members of this class. Thus, it will be worth watching to see who is assigned to which position during Gen Chawalit Yongchaiyut's tenure as RTA CINC.

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CSO: 4207/277

THAILAND

CHUTHAI DISCUSSES POSTRETIREMENT POLITICS

Bangkok MATICHON SUT SAPDA in Thai 15 Jun 86 pp 11, 12

[Interview with Gen Chuthai Saengthawip, the inspector general of the armed forces; date and place not specified]

[Excerpts] [Question] You are known as an outspoken man who is not afraid to act or to express your opinion. Who was your model?

[Answer] My father (Mr Chuang Saengthawip).

[Question] As a soldier, what principles do you follow in your life?

[Answer] The thing that I have always held to is that when you are born a man, you have to fight for what is right. You have to fight for justice and honesty without fear of influential people. You have to dare to think. And if you know that you are right, you have to dare to speak out and act. Another thing is that besides being loyal to nation, religion, and monarchy, soldiers must be loyal to the military. They must love their friends and subordinates and respect their superiors. But the interests of the nation must always come first.

[Question] How did you feel when the prime minister, in his capacity as the minister of defense, transferred you from the position of deputy RTA CINC to the position of inspector general of the armed forces?

[Answer] I was transferred and given the grade of field marshal by royal command, and, therefore, I view this as an honor. This is a great honor to my family. I must respond to this great honor by carrying out my new duties as well as I can until I retire.

[Question] Does that mean that you will not resign at this time?

[Answer] Neither I nor the supreme commander intend to resign. That would give people the impression that we were concerned about power or about losing power. But actually, holding those positions was not a matter of power. We were serving the country in accord with the orders of our superiors. We are soldiers and so when our superior gave the order, we had to obey.

[Question] What duties does the inspector general of the armed forces have?

[Answer] The inspector general has very broad duties. I have to inspect the activities of all three branches of service and carry out other tasks of the Ministry of Defense as directed by the prime minister in his capacity as minister of defense. I also have to implement the policies of the supreme commander in carrying out military activities.

[Question] It is said that after you retire, you will become involved in politics. When did you become interested in politics?

[Answer] I have been interested in politics ever since I was a youth, because my father was mayor for nine terms. During that period, he fought against corrupt government officials who oppressed the villagers. He stood on the side of the people and made sacrifices for society. For example, he donated land to build a municipal school, a hospital, and other public projects. For this, he was praised as a model person during the administration of Field Marshal Thanom Kittikhachon. As for me, I consider myself to be a professional soldier. I am interested in politics, but I haven't been involved in politics.

[Question] What got you interested in playing politics?

[Answer] Although I am a professional soldier, I am knowledgeable about economics. I have a degree in economics from Thammasat University. I have constantly followed the country's economic situation with great concern. But because I am a soldier, I have not thought about getting involved in politics. It is up to each administration to solve those problems. Actually, I became involved in politics only after I was appointed senator a short time ago. I intend to get involved in politics after I retire because politics got involved with me first even though I was a professional soldier.

[Question] In what way will you engage in politics after retiring?

[Answer] I will establish a political party and engage in this fully. I don't have to be the party leader. In playing politics, I will continue to hold to the principles and ideals that I mentioned earlier. Those who join the party must be prepared to make sacrifices for the country. They can't join in the hope of gaining rank or position. They must be willing to sacrifice personal interests for the good of the country. They can't expect to become a minister. If everyone wants to become prime minister or minister, things will just become worse here. The country will fall apart. Take local politicians, for example. I think that they pose a great danger, because they are loyal only to their friends. This is bad for the interests of the country as a whole. These people are very selfish.

[Question] From which groups will you derive support?

[Answer] I will do this regardless of whether I play politics. I must find a power group that is honest and just. I will focus on those groups. Those in Bangkok are too wasteful. Their main goal is to help their business activities. If we lack money, we can take a loan from the bank. I can stand guarantee. I think that good results would be achieved if we watched them

closely. MPs shouldn't be allowed to become ministers. If they want to be a minister, they should have to resign in order to have a new election. But I don't know if that will happen. That is one of my ideals. Power groups and members of the national reserves and Volunteer Defense Corps will have to unite.

[Question] Many people say that the Mass Development Company is a sleeping partner. As a shareholder, how do you feel about this?

[Answer] That's what people say. But they don't know that part of the income is returned to the people. This is a political matter now. Regardless of what you do, you are criticized for political reasons. It's strange. There have been many problems ever since the company was established. We have been attacked. But that's all right. People view things differently. It all depends on how you look at things.

[Question] Many politicians have said that the prime minister must be elected by the people directly. Do you agree with this?

[Answer] This is a very dangerous matter. We have considered the real intentions behind this idea, what the next step is, whether this is suitable, and what institutions this would affect. We also have to consider the values of the people. Thailand should have a democratic system with the king at the head as our guiding light and leader.

11943

CSO: 4207/277

VANUATU

BRIEFS

STATEMENT ON USSR TIES--Taking into consideration the cordial and friendly relations existing between them, the governments of the USSR and the Republic of Vanuatu have taken the decision to establish diplomatic relations at embassy level. Both governments have established diplomatic relations in accordance with the principles of international law and primarily those tenets which concern the equality of states, mutual respect for one another's sovereignty, independence, and territorial integrity, the right to self-determination, noninterference in the internal affairs of the other state, respect for obligations stemming from participation in international treaties, and the peaceful solution of disputes. They also state that they reject colonialism, neocolonialism, apartheid, and all forms of discrimination. The governments of the USSR and the Republic of Vanuatu have agreed to appoint concurrent ambassadors within a practicable period of time. [Text] [Unattributed "Joint Statement on the Establishment of Diplomatic Relations Between the USSR and the Republic of Vanuatu"] [Moscow PRAVDA (First Edition) in Russian 30 Jun 86 p 5] /9604

CSO: 1800/504

COALITION GOVERNMENT OF DEMOCRATIC KAMPUCHEA

SON SANN SEES TIME RUNNING OUT FOR RESOLUTION OF CONFLICT

Sydney THE AUSTRALIAN in English 5 May 86 p 3

[Text]

TIME is running out for a resolution to the Kampuchean conflict because within three years Vietnam will have completed its "Vietnamisation" of the country, according to the leader of the anti-Vietnamese resistance coalition in Kampuchea, Mr Son Sann, in Sydney yesterday.

Mr Son Sann, in Australia for talks with the Minister for Foreign Affairs, Mr Hayden, said Australia should urge Vietnam to reconsider the coalition's peace offer made on March 17.

The offer was that the coalition form a four-party government with the Vietnamese-backed Heng Samrin administration in Pnom Penh, and that Vietnam withdraw its 700,000 troops.

The coalition is fighting the Heng Samrin Government militarily and diplomatically.

Mr Son Sann said he would discuss with Mr Hayden how Australia could put pressure on Vietnam to change its mind.

"By giving peace you give peace and stability to all of the South-East Asian region. I would like the Australian Government to support ASEAN and to make a strong declaration against Vietnam.

"Vietnam has 700,000 troops in Kampuchea, plus between 160,000 and 180,000 settlers and 20,000 so-called advisers who run the Government. There will be no more Kampuchea in two to three years because it will be another Vietnam."

Mr Son Sann is the Prime Minister of the United Nations-recognised Coalition Government of Democratic

Kampuchea, which groups his Khmer Peoples National Liberation Front with supporters of Prince Norodom Sihanouk and the China-backed Khmer Rouge.

He said the Heng Samrin Government was systematically over-running Kampuchea by many means, "not just through the military".

"Hanoi calls Vietnam and Kampuchea twin provinces and says they have a mutual system, but Vietnam takes every natural resource - timber, rubber, rice - as well as international aid from Kampuchea, for itself," he said.

"Vietnam is planning to bring more and more Vietnamese into the country. When the Kampuchean men go off for three to six months to a labour camp they put Vietnamese soldiers in the houses to occupy the place of the husband."

He said the Khmer Peoples National Liberation Front, with its 15,000 armed fighters, had joined the Khmer Rouge because it had been forced to. The Khmer Rouge is accused of genocide in the killing of more than a million Kampucheans during the rule of Pol Pot between 1975 and 1978.

"The Khmer asked us in 1980, 1981 and 1982 to have a united front but I refused. We hoped the Western countries would help us, give us military assistance, but they did not help us," Mr Son Sann said.

"We cannot fight the enemy to liberate our country with our bare hands. If we were not in a coalition government we would have no ammunition."

COALITION GOVERNMENT OF DEMOCRATIC KAMPUCHEA

DISSIDENTS SAID TO THREATEN KPNLF EFFECTIVENESS FROM WITHIN

Bangkok THE NATION in English 4 Jun 86 p 3

[Text]

PARIS — Kampuchean guerrilla leader Son Sann said Monday his non-communist resistance movement was still threatened from within by dissidents who last year rebelled against his leadership.

Son Sann, president of the Khmer People's National Liberation Front (KPNLF), said he enjoyed majority support within the organization but had failed to completely heal the rift because of outside interference.

He refused to elaborate but diplomats say Thailand, whose border is dotted with Kampuchean refugee camps, backed rebellion last December by senior guerrilla commanders contesting Son Sann's position.

"There is still a problem of discipline... Those who staged the coup last year are still trying to divide the front," Son Sann told Reuters during a visit to Paris.

The KPNLF is one of three anti-Vietnamese resistance groups. The others are forces loyal to Prince Norodom Sihanouk and the communist Khmer Rouge.

In an effort to stamp out the rebellion, Son Sann in February replaced his chief of staff Sak Suthsakarn and other senior commanders who challenged his authority.

Son Sann, prime minister in the United Nations-recognized coalition government, has previously insisted the dispute was over but Monday acknowledged continuing dissent.

"Some partisans of Suthsakarn are still causing trouble and trying to force me to resign," he said.

Diplomats say that internal bickering and Vietnamese pressure have taken a heavy toll on the effectiveness of the front, which once claimed over 15,000 men in the field.

Son Sann said he had visited his forces recently to try to restore discipline but that problems within the military would have to be solved largely by his guerrilla commanders.

"As president of the front, I have full political, civil and diplomatic authority. But military matters have been run by my commanders in the field since 1985," he said.

In May 1985 Son Sann handed over control of day-to-day military matters to Suthsakarn, who subsequently turned against him in the December rebellion.

Diplomats say Son Sann has lost the confidence of many military leaders and that the front has been effectively led by a Thai-organized ad hoc military committee. — Reuter

/9274

CS0: 4200/1201

INTERNATIONAL RELATIONS, TRADE, AND AID

VIETNAM

STATE COUNCIL CHAIRMAN CONGRATULATES HONECKER

AU081446 East Berlin NEUES DEUTSCHLAND in German 1 Jul 86 p 2

[Message from Truong Chinh, chairman of the SRV Council of State, to Erich Honecker, SED Central Committee general secretary and GDR State Council chairman]

[Text] Comrade Erich Honecker
SED Central Committee general secretary and GDR State Council chairman
Berlin

Dear Comrade Erich Honecker!

On your reelection as GDR State Council chairman, I want to express the most cordial congratulations on behalf of the Vietnamese people, the SRV Council of State, as well as on my own behalf.

The Vietnamese people are very pleased with the great successes which the fraternal GDR people have achieved in many fields and wholeheartedly wish them even bigger successes in further shaping the developed socialist society.

I am firmly convinced that the friendship and fraternal cooperation between our two countries will constantly and universally strengthen and develop on the basis of Marxism-Leninism and proletarian internationalism as a contribution to strengthening the socialist community and to safeguarding world peace.

I wish you much health, creative vigor, and many new successes in fulfilling your highly responsible work.

[Signed] Truong Chinh
SRV Council of State chairman

/6662
CSO: 4620/55

INTERNATIONAL RELATIONS, TRADE, AND AID

VIETNAM

BRIEFS

AID TO VIENTIANE FACTORIES--A ceremony was held recently in Vientiane to inaugurate and to turn over to the industrial service of this city the soda and carbonate factories built with the assistance of the Ho Chi Minh City industrial service. After a period of training in Ho Chi Minh City, Lao cadres and workers have been able to run these two factories. [Summary] [Hanoi Domestic Service in Vietnamese 0500 GMT 10 Jul 86 BK] /9738

CSO: 4209/677

PARTY ACTIVITIES AND GOVERNMENT

VIETNAM

BRIEFS

HO CHI MINH CITY--Some 1,000 delegates representing various mass organizations in Ho Chi Minh City on 10 July attended meeting to hear Comrade Mai Van Bay, head of the delegation of the Ho Chi Minh City national assembly deputies, report on the results of the recent 11th session of the seventh National Assembly. The meeting was organized by the city VFF committee and Trade Union Federation. [Summary] [Hanoi Domestic Service in Vietnamese 2300 GMT 11 Jul 86 BK] /9738

CSO: 4209/677

ECONOMIC PLANNING, TRADE, AND FINANCE

VIETNAM

BRIEFS

HA SON BINH RESETTLEMENT--Over the past 6 months, Ha Son Binh Province has resettled 791 families, comprising 3,349 people and 1,487 laborers, in its new economic zones. Various responsible sectors in the province have promptly created favorable conditions for the new settlers to engage in crop cultivation. [Summary] [Hanoi Domestic Service in Vietnamese 2300 GMT 9 Jul 86 BK] /9738

NEW ECONOMIC ZONES--Over the past 6 months, Da Oai District, Lam Dong Province has received some 16,000 people as new settlers from Nghia Binh, Binh Tri Thien, Ha Nam Ninh, Ha Son Binh, and Hanoi. Thanks to adequate preparations, they have soon stabilized their lives and engaged in production. Hundreds of hectares of wasteland have been reclaimed for the cultivation of manioc, corn, and beans. With the mechanical force's active assistance in land reclamation and road construction, people in the new economic zones in Da Oai district have, over the past 6 months, broken more than 10,000 hectares of fallow land, 0.2 hectare of which has been distributed to each household. [Excerpt] [Hanoi Domestic Service in Vietnamese 1100 GMT 5 Jul 86 OW] /9274

CSO: 4209/672

TRANSPORTATION AND COMMUNICATIONS

VIETNAM

BRIEFS

XIENG KHOUANG BUS SERVICE--The passenger transport enterprise No. 12-A on 8 July started a new bus service on Route 7 twice a month to meet the traveling demands of Vietnamese cadres and workers and Lao students. The bus service, which covers a distance of 495 km, also provides facilities for overnight passengers. [Summary] [Hanoi Domestic Service in Vietnamese 0500 GMT 9 Jul 86 BK] /9738

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